



Private
Advisor Group
Registered Investment Advisor

Part 2A - Brochure
For SWM II

Private Advisor Group, LLC
SEC File Number 801-72060

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This brochure provides information about the qualifications and business practices of Private Advisor Group, LLC. If you have any questions about the contents of this brochure, please contact us at (973) 538-7010 or Jim.Hooks@PrivateAdvisorGroup.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Private Advisor Group, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Private Advisor Group, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

When a registered investment advisor provides investment advisory services, it is a fiduciary under the Investment Advisers Act of 1940 and has a duty to act in its clients' best interest and to make full and fair disclosure to its clients of all material facts and conflicts of interest. The purpose of this Part 2A Brochure and individual Part 2B Brochure Supplements is to disclose those material facts and conflicts of interest.

Securities offered through LPL Financial, Member FINRA/SIPC. Private Advisor Group is a separate entity from LPL Financial.



This Part 2A Brochure for SWM II serves as Private Advisor Group LLC’s disclosure statement for wrap fee accounts including SWM II accounts and other wrap accounts and as a substitute for a Part 2A - Appendix 1 Wrap Fee Brochure.

Item 2 Material Changes

This Part 2A Brochure contains material changes to Private Advisor Group’s disclosure statement that was filed on March 30, 2020 to Item 5 and Item 6 regarding Private Advisor Group agreeing to accept performance fees from certain clients, to Item 4 regarding ownership of the company and participation in certain advisory programs with custodians, and about holding nontradable assets in advisory accounts.

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Item 4 Services, Fees and Compensation

A. INVESTMENT ADVISORY SERVICES

When providing investment services, Registrant acts as a fiduciary and has a duty to advise the Client as a prudent person would in accordance with the Client's investment objectives and risk tolerance, and to pursue the Client's best interests.

The client may agree to engage the Registrant to provide discretionary investment advisory services on a wrap fee basis. (See discussion below). If a client agrees to engage the Registrant on a wrap fee basis the client will pay a fee based on a percentage of the assets being managed for investment management and transaction fees. The services included in a wrap fee agreement will depend upon each client's particular need.

In the Strategic Wealth Management ("SWM") program at LPL Financial, the Registrant through its representative can provide ongoing investment advice and management on assets in an account separately identified to a client and separately managed on behalf of a client. Accounts may be wrap ("SWMII") or non-wrap ("SWM"), and the client should discuss with the Registrant's representative which types of account to open. This Brochure discusses SWM II wrap accounts, and more information about other accounts is available in the Registrant's Part 2A Brochure which is available on request.

In SWM II accounts, the Registrant provides advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds ("ETFs"), variable annuity subaccounts, business development companies ("BDCs"), private equity, real estate investment trusts ("REITs"), equities, and fixed income securities. The Registrant provides advice that is tailored to the individual needs of the client based on the investment objective chosen by the client. Clients may impose restrictions on investing in certain securities or groups of securities by indicating in the Account Application. The SWM program also permits clients to select a third party investment advisor firm associated with an LPL registered representative, in lieu of the Registrant's representative, to provide portfolio management.

LPL Financial also acts as custodian to accounts, provides brokerage and execution services as the broker-dealer on transactions, and performs administrative services, such as delivering quarterly performance reports to clients. Other custodians may provide similar programs through which the Registrant can provide ongoing investment advice and management on assets in an account separately identified to a client and separately managed on behalf of a client and for which the client is charged a wrap fee.

PRIVATE ADVISOR GROUP WRAP PROGRAM

The Registrant is the sponsor and investment manager of the Private Advisor Group Wrap Program (hereinafter the "Program"). Under the Program, a client is charged a fee based on the percentage of the assets being managed for investment management. Transaction fees would be billed to the advisor by the custodian. The current annual advisory fee ranges from negotiable to 2.25%, based upon various objective and subjective factors including, but not limited to, the types of assets being managed, the amount of the assets placed under the Registrant's direct management, the amount of the assets placed under the Registrant's advisement (assets that are generally managed directly by the client or by other investment professionals engaged by the client, for which the Registrant provides review/monitoring services, but does not have trading authority), the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. (See also Fee Differential discussion below.) Under the Program, the Registrant is authorized by the client in writing to determine which securities and the amounts of securities that are bought or sold. Any limitations on this discretionary authority must be included in the written agreement between each client and the Registrant. Clients may change these limitations, in writing, at any time. The client shall have reasonable access to one of the Registrant's investment professionals to discuss their account.

The Registrant recommends to all clients that all client investment funds be held by a broker-dealer or custodian in accounts identified individually to the client and about which the



client will receive regular statements from the broker-dealer or custodian. The Registrant does not accept engagements with clients where client funds are pooled into an omnibus account.

LPL Financial shall serve as the custodian for Program accounts unless a client directs that another custodian be used. The Registrant uses several custodians outside of LPL Financial, which may or may not have wrap accounts available, and those custodians currently include:

1. Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC,
2. TD Ameritrade,
3. Pershing,
4. Fidelity,
5. Interactive Brokers, and
6. the SEI Private Trust Company (SPTC).

The Registrant does not have custody of client funds or securities. All client investment funds are held by a broker-dealer or custodian in accounts identified individually to the client and about which the client will receive regular statements. Any funds being deposited for investment should be payable to the broker-dealer or custodian where the account is held, not to the Registrant or one of its investment advisor representatives. Although consolidating client assets in an omnibus account could create some marketplace advantages, the Registrant has determined to adopt a policy of using individual client accounts at an independent custodian to provide greater security and transparency to its clients.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer, custodian and or program sponsor for the client accounts. The Registrant has the ability to have its advisory fee for each client debited by the custodians on a quarterly basis. In some cases, payment of fees may be made directly to the Registrant by clients, but never to investment advisor representatives.

The Registrant may also provide a written

periodic report summarizing account activity and performance. Please Note: To the extent that the Registrant provides clients with periodic account statements or reports, clients are urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. Please Also Note: The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

Please Note: Private Trust Company, N.A. affiliation with LPL. LPL FINANCIAL is affiliated with Private Trust Company, N.A., a trust company licensed in all 50 states under a national bank charter ("PTC"). To the extent that a client elects to utilize LPL FINANCIAL as his or her custodian, LPL FINANCIAL will direct client's IRA assets to be held at PTC. As such, clients may incur an Annual IRA maintenance fee charged by PTC. Any Annual IRA maintenance fees incurred by the client **shall be in addition to the Registrant's Program fee.**

Please Also Note: Certain of the Registrant's investment adviser representatives are also registered representatives of LPL Financial ("Dually registered persons"). As such, should a client serviced by a dually registered person choose to utilize a custodian other than LPL Financial, LPL Financial must provide its approval. If approved, the client may be serviced but an oversight fee equal to 5% of the investment advisory fee paid to the Registrant would be due to LPL Financial.

Fee Differentials: In certain circumstances, the Registrant may agree with a client that the Registrant may charge a different wrap fee (higher or lower) based upon certain criteria (i.e., complexity of the engagement, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, anticipated level and scope of other services to be provided (i.e. financial planning services), negotiations with client etc.).

Fee Calculation: The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client, pursuant to Section 205(a)(1) of the Investment Advisers Act of 1940,



as amended (hereinafter the "Act").

Fee Payment: Clients will be charged in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. Fees are prorated for accounts opened during the quarter. An additional fee for the current quarter will be assessed if assets are deposited after the beginning of the quarter, prorated based on the number of calendar days remaining in the quarter during which the service will be in effect. No portion of the fee will be credited to the client for the current calendar quarter should any withdrawals from the portfolio occur in the same calendar quarter.

Termination of Advisory Relationship: The Investment Advisory Agreement between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Following receipt of notice of termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

MISCELLANEOUS

Client Responsibilities: In performing any of its services, the Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Furthermore, unless the client indicates to the contrary in writing, the Registrant shall assume that there are no restrictions on its services, other than to manage the account in accordance with the client's designated investment objective. **Moreover, it remains each client's responsibility to promptly notify the Registrant if there is ever any change in his or her financial situation or investment objectives for the purpose of reviewing or evaluating or revising the Registrant's previous recommendations and services.**

Please Note: Investment Performance: As a condition to participating in the Program, the

participant **must** accept that past performance may not be indicative of future results, and understand that the future performance of any specific investment or investment strategy **(including** the investments and investment strategies purchased through or undertaken by the Registrant) **may not:** (1) achieve their intended objective; (2) be profitable; or, (3) equal historical performance levels or any other performance levels.

- B. Participation in the Program may cost more or less than purchasing each included service separately. Also the Program fee charged by Registrant for participation in the Program may be higher or lower than fees charged by sponsors of comparable wrap fee programs.

Depending upon the percentage wrap-fee charged by the Registrant, the amount of portfolio activity in the client's account, and the transaction fees, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and/or if the Registrant were to negotiate transaction fees and seek best price and execution of transactions for the client's account.

- C. The Program's wrap fee **does not** include certain charges and administrative fees, including, but not limited to, fees charged by Independent Managers, transaction charges (excluding mark-ups and mark-downs) resulting from trades effected through or with a broker dealer other than LPL Financial, IRA Maintenance Fees, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are **in addition to** the Program's wrap fee.
- D. Registrant's related persons who recommend the wrap fee program to clients do not receive compensation as a result of a client's participation in the wrap fee program.

Item 5 Account Requirements and Types of Clients

The Registrant's clients shall generally include



individuals, business entities, trusts, estates and charitable organizations. The Registrant does not generally require an annual minimum fee or asset level for clients to open or maintain a Program account.

Item 6 Portfolio Manager Selection and Evaluation

- A. The Registrant may allocate a portion of a client's Program assets among unaffiliated independent investment managers in accordance with the client's designated investment objective. In such situations, the Independent Managers shall have day-to-day responsibility for the active discretionary management of the allocated Program assets. The Registrant shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending Independent Managers include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.
- B. The Registrant or one of its representatives acts as the portfolio manager for the Program.

Inasmuch as the execution costs for transactions effected in the client account will be paid by the Registrant, a potential conflict of interest arises in that the Registrant may have a disincentive to trade securities in the client account.

In addition, the amount of compensation received by the Registrant as a result of the client's participation in the Program may be more than what the Registrant would receive if the client paid separately for investment management and transaction fees. As the Program sponsor, the Registrant shall be responsible for the primary management of the Program, including the selection and termination of all Independent Managers. Once selected, Independent Managers shall be responsible for day-to-day management and selection of securities for the account.

- C. The information required for Item 6.C consists of Items 4.B, 4.C, 4.D, 6, 8.A, and 17 of Registrant's

Part 2A that are relevant to wrap accounts. For disclosure information about non-wrap accounts and the Registrant's other investment advisory services, clients should review the Registrant's Part 2A Brochure which is available upon request.

I. ADVISORY SERVICES OFFERED: (Item 4B of Part 2A)

As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, retirement plan consulting, insurance consulting and, to the extent specifically requested by a client, financial planning and related consulting services.

The Registrant works to provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment advisor representative will discuss with each client, their particular investment objectives and risk tolerances. The Registrant allocates each client's investment assets consistent with their designated investment objective and risk tolerances. Clients may, at any time, impose restrictions, in writing, on the Registrant's services. Each client is advised that it remains his or her responsibility to promptly notify the Registrant if there is ever any change in his or her financial situation or investment objectives for the purpose of reviewing and revising Registrant's previous recommendations and services. The Registrant and its representatives will maintain channels of communication with clients in order to be available to discuss clients' investments, investment objectives and risk tolerances. The Registrant participates in advisory programs as portfolio manager, advisor, co-advisor or solicitor depending on the program and depending on the needs or direction of its clients. Clients should discuss with their advisor what roles are appropriate, and what programs are appropriate for their investment objectives and risk tolerances. If the Registrant becomes aware that any activity described in this brochure is no longer permitted under any relevant law, the Registrant will cease engaging in such activity.



The Registrant also may select other investment advisors for its clients, in particular by advising clients regarding Independent Managers or Third Party Asset Management Programs (“TAMPs”) or by referral arrangements.

To the extent the Registrant utilizes an Independent Manager or a Third Party Asset Manager, the Registrant shall provide the Independent Manager or Third Party Asset Manager with each client’s particular investment objective and risk tolerance. Any changes in the client’s financial situation or investment objective reported by the client to the Registrant shall be communicated to the Independent Manager or Third Party Asset Manager within a reasonable period of time.

INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap fee basis. If a client determines to engage the Registrant on a wrap fee basis the client will pay a fee based on a percentage of the assets being managed for investment management and transaction fees. The services included in a wrap fee agreement will depend upon each client’s particular need.

2. WRAP FEE ADVISORY PROGRAMS

The Registrant is a wrap program sponsor, and participates in wrap fee programs sponsored by other firms. In a wrap fee account, a client is charged a fee based on the percentage of the assets being managed for investment management. Transaction fees would be billed to the advisor by the custodian. The current annual advisory fee ranges from negotiable to 2.25%, based upon various objective and subjective factors including, but not limited to, the types of assets being managed, the amount of the assets placed under the Registrant’s direct management, the amount of the assets placed under the Registrant’s advisement (assets that are generally managed directly by the client or by other investment

professionals engaged by the client, for which the Registrant provides review/monitoring services, but does not have trading authority), the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. (See also Fee Differential discussion below.)

The terms and conditions for client participation in the advisory programs are set forth in Registrant’s advisory agreements and account paperwork for the advisory programs. All prospective advisory program participants should read both this disclosure brochure and all relevant brochure supplements, and any documentation from the advisory programs, and ask any corresponding questions that they may have, prior to participation in the advisory programs.

As part of the advisory programs, a registered broker-dealer that is a member of FINRA and SIPC will maintain custody of clients’ assets and effect trades for their accounts. LPL Financial will be the primary broker-dealers, but other broker-dealers may include:

1. Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC,
2. TD Ameritrade,
3. Pershing.
4. Fidelity,
5. Interactive Brokers, and
6. the SEI Private Trust Company (SPTC).

The final decision to custody assets with a broker-dealer such as Schwab is made by the Registrant’s clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. The Registrant is independently owned and operated and not affiliated with any broker-dealer.

Participation in the advisory programs may cost more or less than purchasing such services



separately. Advisory program fees may be higher or lower than those charged by other sponsors of comparable wrap fee advisory programs.

4. THIRD PARTY ASSET MANAGEMENT PROGRAMS (“TAMPS”)

The Registrant may recommend or select other investment advisors for its clients generally through Third Party Asset Management Programs (“TAMPS”). To the extent that a TAMP can be considered a wrap fee program, that program is sponsored by the TAMP, and for more information regarding such programs, clients should review disclosure information provided by the TAMP, and disclosure information provided in the Registrant’s Part 2A Brochure.

9. MISCELLANEOUS

- a. **Non-Investment Consulting/ Implementation Services.** If requested by the client, the Registrant may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc.

The Registrant does not serve as an accountant and no portion of the Registrant’s services should be construed as same. Certain of Registrant’s representatives are accountants, in their individual capacities, separate and apart from the Registrant, and any services or advice rendered in that capacity is not provided by or through the Registrant.

The Registrant does not serve as an attorney at law and no portion of the Registrant’s services should be construed as same. Certain of Registrant’s representatives are attorneys at law, in their individual capacities, separate and apart from the Registrant, and any services or advice rendered in that capacity is not provided by or through the Registrant.

The Registrant does not sell insurance and no portion of the Registrant’s services should be construed as same. Certain of Registrant’s representatives are licensed to sell insurance, in their individual capacities,

separate and apart from the Registrant, and any such sale of insurance in that capacity is not provided by or through the Registrant.

To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of the Registrant in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant.

Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Please Also Note: It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in his or her or its financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant’s previous recommendations and services.

- b. **Inverse/Enhanced Market Strategies.**

The Registrant may utilize leveraged long and short mutual funds and/ or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of one or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; or (2) enhanced relationship to certain market indices (at a rate of one or more times the actual result of the corresponding index) as an investment strategy and/ or for the purpose of increasing gains in



an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- c. **Fee Differentials.** As indicated above, the Registrant prices its services based upon various objective and subjective factors. As a result, Registrant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by the Registrant to any particular client could be available from other advisors at lower fees. All clients and prospective clients should be guided accordingly.
- d. **Advisory Program Cost Differentials.** As indicated above, the Registrant prices its services based upon various objective and subjective factors. As a result, Registrant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by the Registrant to any particular client could be available from other advisors at lower fees. All clients and prospective clients should be guided accordingly.
- e. **Calculation of advisory fees includes cash assets:** The Registrant calculates advisory fees on all assets placed under its management, including cash held in advisory accounts. Clients may consent to asset allocations that include certain amounts being held as cash for short or long-term reasons, or may direct that assets be held in cash based on personal risk tolerance or market conditions. The Registrant will calculate advisory fees based on total assets in advisory accounts, and all clients and prospective clients should be guided accordingly. Holding large cash balances for more than six months is not an effective investment strategy and the Registrant discourages clients from using investment accounts in this manner.
- f. **Non-Discretionary Service Limitations.** Clients that determine to engage the Registrant on a non-discretionary investment advisory basis must be willing to accept that the Registrant cannot effect any account transactions without obtaining prior verbal consent from the client for each transaction. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.
- g. **Trade Error Policy.** Registrant reimburses accounts for losses resulting from the Registrant's trade errors, but does not credit accounts for such errors resulting in market gains. The gains and losses may be reconciled within the Registrant's custodian firm account and the Registrant or the custodian may retain the net gains and losses.
- h. **Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his or her responsibility to promptly notify the Registrant if there is ever any change in his or her or its financial situation or investment objectives for the purpose of reviewing, or evaluating or revising Registrant's previous recommendations and services.
- i. **Disclosure Statement.** A copy of the Registrant's written disclosure statement



as set forth in its Part 2A Brochure or Wrap Program Brochure and Part 2B Brochure Supplements for appropriate representatives and its Privacy Notice shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement.

j. **Brokerage Commissions and/or Transaction Fee Differentials.**

Custodians may charge a brokerage commission or transactional fee, and based on the investment product selected, that commission or transactional fee may be higher or lower or zero when compared to the commission or transactional fee on a different investment product. Most custodians offer mutual funds with transactions fees and mutual funds without transaction fees. Some custodians offer commission-free ETFs. Clients may inquire as to whether a transaction incurred a transaction cost.

k. **Securities-based Loans and Margin Loans.**

Clients may be offered an opportunity to utilize margin loans in their investment accounts and may be offered the opportunity to obtain loans or lines of credit based on or secured by the assets held in their investment accounts. When the Registrant charges a fee based directly or indirectly on the amount of assets under management in an investment account, the Registrant and its representatives have an incentive to maintain a high level of assets in those accounts, and the Registrant and its representatives have a conflict of interest when they advise a client to utilize a margin loan or a securities based loan or assist the client to obtain such a loan for some specific purpose, rather than advising the client to or assisting the client with withdrawing funds from such an investment account for that specific purpose.

II. ADVISORY SERVICES FOR CLIENTS' INDIVIDUAL NEEDS (Item 4C of Part 2A)

The Registrant works to provide investment advisory services specific to needs of each

client. Prior to providing investment advisory services, an investment advisor representative will discuss with each client, their particular investment objective and risk tolerance. The Registrant shall allocate each client's investment assets consistent with their designated investment objective and risk tolerance. At any time, clients may impose restrictions, in writing, on the Registrant's services.

III. MANAGEMENT OF WRAP AND NON-WRAP ACCOUNTS (Item 4D of Part 2A)

There is no significant difference between how the Registrant manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for investment management and transaction fees (See Item 4.B). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately. Please note: When managing a client's account on a wrap fee basis, the Registrant shall receive, as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted. In as much as the execution costs for transactions effected in the client account will be paid by the Registrant, a potential conflict of interest arises in that the Registrant may have a disincentive to trade securities in the client account. In addition, the amount of compensation received by the Registrant as a result of the client's participation in the Program may be more than what the Registrant would receive if the client paid separately for investment management and transaction fees.

IV. Performance Based Fees and Side-By-Side Management (Item 6 of Part 2A)

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.



V. Methods of Analysis, Investment Strategies and Risk of Loss (Item 8A of Part 2A)

The Registrant may utilize the following methods of security analysis:

- **Charting** - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- **Fundamental** - (analysis performed on historical and present data, with the goal of making financial forecasts)
- **Technical** - (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- **Cyclical** - (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant shall utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance levels.

VI. Voting Client Securities (Item 17 of Part 2A)

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy

proceedings or other type events pertaining to the client's investment assets.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 7 Client Information Provided to Portfolio Managers

The Registrant shall be the Program's portfolio manager. The Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment advisor representative will discuss with each client his or her particular investment objective. The Registrant shall allocate each client's investment assets consistent with his or her designated investment objective. Clients may, at any time, impose restrictions, in writing, on the Registrant's services.

As indicated above, each client is advised that it remains his or her responsibility to promptly notify the Registrant if there is ever any change in his or her financial situation or investment objectives for the purpose of reviewing or evaluating or revising Registrant's previous recommendations and services. To the extent the Program utilizes Independent Managers, the Registrant shall provide the Independent Managers with each client's particular investment objective. Any changes in the client's financial situation or investment objective reported by the client to the Registrant shall be communicated to the Independent Managers within a reasonable period of time.

Item 8 Client Contact With Portfolio Managers

The client shall have, without restriction, reasonable access to the Registrant's representative who is acting as portfolio manager for the client's account.

Item 9 Additional Information

- A. The information required for Item 9.A consists of Items 9 and 10 of Registrant's Part 2A.

Disciplinary Information (Item 9 of Part 2A)

The Registrant paid a \$20,000 administrative penalty in 2017 to the Pennsylvania Department



of Banking and Securities for employing an investment advisor representative in the state who was not registered with the state. The Registrant does not have any other reportable disciplinary information.

Other Financial Industry Activities and Affiliations (Item 10 of Part 2A)

- a. PAG Financial, LLC is a FINRA registered broker-dealer, and is under common control with the Registrant. PAG Holdings, LLC owns 100% of PAG Financial, LLC. PAG Financial, LLC does not have any retail or institutional customers, and does not serve as custodian for any investment assets.
- b. Private Advisor Network, LLC is an SEC registered investment adviser, and is under common control with the Registrant. PAG Holdings, LLC owns 100% of Private Advisor Network, LLC. Private Advisor Network, LLC does not have any retail or institutional customers, and is not currently providing advisory services.
- c. Patrick J. Sullivan, John Hyland, RJ Moore, James Perhacs, James D. Sullivan and certain of the Registrant's investment advisor representatives are also associated with LPL Financial as broker-dealer registered representatives ("dually registered persons"). LPL Financial is an SEC registered and FINRA member broker-dealer that is independently owned and operated and is not affiliated with the Registrant. Please refer to Item 12 for a discussion of the benefits that dually registered persons may receive from LPL Financial and the conflicts of interest associated with receipt of such benefits.
- D. Neither the Registrant, nor its management persons, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- c. Other business activities of the Registrant's Representatives
 1. **Registered Representatives of LPL Financial.** Certain of Registrant's representatives, are registered

representatives of LPL Financial, an SEC Registered and FINRA member broker dealer. Clients may choose to engage Registrant's representatives in their individual capacities as registered representatives of LPL Financial, to implement investment recommendations on a commission basis.

2. **Licensed Insurance Agents.** Certain of Registrant's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Registrant's representatives to purchase insurance products on a commission basis.
 - **Conflict of Interest:** The recommendation by Registrant's representatives that a client purchase a securities and/or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase investment products recommended by Registrant through other, non-affiliated broker-dealers or insurance agents. **The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
3. **Licensed Attorneys.** Certain of Registrant's representatives are licensed attorneys and may, in their individual capacity, provide limited legal services to Registrant's clients. To the extent that a client specifically requests legal or estate planning services, the Registrant



may recommend the services of an attorney, including certain of Registrant's representatives in their individual capacities as licensed attorneys. Any such legal services shall rendered independent of the Registrant pursuant to a separate agreement between the client and the attorney. The Registrant shall not receive any of the fees charged by the attorney, referral or otherwise. **The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

4. **Employees of Banks.** Certain of Registrant's representatives are employees or affiliates of banks, and may recommend the use or purchase of certain bank products or services. Conflict of Interest: The recommendation by these representatives that a client use or purchase of certain bank products or services presents a conflict of interest, as a bank employee may have an incentive based on his employment to recommend the use or purchase of certain bank products or services rather than on a particular client's need. No client is under any obligation to use or purchase of any bank products or services. Clients are reminded that they may patronize any bank and are not required to use or purchase any banking products or services recommended by the representative. In addition, a representative's employment by a bank does not mean that investments made through him are deposits with the bank, or obligations of the bank or are guaranteed by the bank or any governmental agency. Investments are subject to investment risks, including possible loss of the principal amount invested. **The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
5. **Other Investment Advisor Firm.** Certain of Registrant's representatives also serve as investment advisor representatives of other registered investment advisors. These representatives may refer certain clients to those other investment advisors for advisory services. The recommendation by these representatives that a client engage the investment advisory services of another investment advisor presents a conflict of interest, as these representatives may receive a direct economic benefit from any such referral. No client is under any obligation to engage the services of another investment advisor. **The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
6. **Real Estate broker or dealer.** Certain of Registrant's representatives also serve as real estate brokers or dealers or as owners or investors in real estate investments. These representatives may recommend the purchase, sale, rental of or investment in real estate. Such advice presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend real estate based on commissions to be received, rather than on a particular client's need. In addition, holding an ownership interest in real estate investment being offered to a client also presents a conflict of interest. No client is under any obligation to purchase or rent any real estate from or invest in real estate with these representatives. Clients are reminded that they may purchase or rent any real estate recommended by these representatives through other, real estate agents, and that they may invest in other real estate ventures. **The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**



available to address any questions that a client or prospective client may have regarding the above conflict of interest.

7. **Certified Public Accountant.** Certain of Registrant's representatives are Certified Public Accountants. To the extent that these representatives provide accounting services, which may include tax advice, to any clients, including clients of the Registrant, all such services shall be performed by those representatives, in their individual professional capacities, independent of the Registrant, for which services Registrant shall not receive any portion of the fees charged by the representative, referral or otherwise. It is expected that these representatives, solely incidental to their practices as an accountant, may recommend the Registrant's services to certain of their clients. No client of Registrant is under any obligation to use the accounting services of these representatives. **The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
- d. The Registrant may recommend or select other investment advisors for its clients generally through Third Party Asset Management Programs ("TAMPs"). LPL Financial makes available advisory services and programs of third party investment advisors. Through these TAMPs, the Registrant's representatives provide ongoing investment advice to clients that is tailored to the individual needs of the client. As part of these TAMP services, the representative typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and assists the client in opening an

account with the TAMP. In addition, depending on the type of program, the representative may assist the client to select a model portfolio of securities designed by the TAMP or select a portfolio management firm to provide discretionary asset management services. It is the third party investment advisor (and not Registrant's representative) that has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to an investment objective chosen by the client. This authorization will be set out in the TAMP client agreement. The Brochure for the particular TAMP will explain whether clients may impose restrictions on investing in certain securities or types of securities. In particular, the Registrant currently offers advisory services through TAMPs sponsored by, among others: AssetMark, Brinker Capital, BTS Asset Management, Envestnet, Flexible Plan Investments, FTJ FundChoice, Geneva Investment Management, Hanlon Investment Management, Independent Portfolio Consultants, Loring Ward Advisor Services, Manning & Napier, SEI Investments Management and Symmetry Partners LLC. Clients should refer to the Brochure, client agreement and other account paperwork for each TAMP for more detailed information about the services available under the program.

- B. The information required for Item 9.B consists of Items 11, 13, 14 and 18 of Registrant's Part 2A.
- I. **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading (Item 11 of Part 2A)**
- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's



representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and its representatives may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and its representatives are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities.

In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requests that an Access Person of the

Registrant provides the Chief Compliance Officer with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person provides the Chief Compliance Officer with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects.

- D. The Registrant and its representatives may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and its representatives are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons

II. Review of Accounts (Item 13 of Part 2A)

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant and its representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant may conduct account reviews on an other-than- periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.



- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

III. Client Referrals and Other Compensation (Item 14 of Part 2A)

- A. As referenced in Item 12.A.1 of its Part 2A Brochure, the Registrant may receive an indirect economic benefit from LPL Financial. The Registrant, without cost (and/or at a discount), may receive support services and/or products from LPL Financial. Registrant's clients do not pay more for investment transactions effected and/or assets maintained at LPL Financial as a result of this arrangement. There is no corresponding commitment made by the Registrant to LPL Financial or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. Other broker-dealers, such as Schwab and TD Ameritrade, may also provide similar indirect economic benefits, support services and products, and do not require higher payments or fees or minimums. The Registrant's Chief Compliance Officer, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall

be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his or her solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written disclosure document and with a copy of the written disclosure statement disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

- C. If the Registrant introduces a client to another investment advisor or an investment manager, the Registrant may be paid a referral or solicitor fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid according to a fee disclosure statement provided to the client at the time that the referral is made. When the Registrant is acting as an unaffiliated solicitor, the Registrant, at the time of the solicitation, shall disclose the nature of its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written disclosure documents and with a copy of a written disclosure statement disclosing the terms of the solicitation arrangement between the Registrant and the investment advisor or investment manager, including the compensation to be received by the Registrant.
- D. Registrant has joint marketing agreements with banking institutions such as banks, trust companies, and credit unions. If a client is introduced to the Registrant by a banking institution as a result of these joint marketing agreements, Registrant shares a portion of its investment management fee with



that banking institution in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and other federal and state securities law requirements. Shared fees shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. At the time that the client is introduced to the Registrant by a banking institution, the banking institution shall disclose the nature of its relationship, and shall provide each prospective client with a copy of the Registrant's written disclosure document and with a copy of the written disclosure statement disclosing the terms of the arrangement between the Registrant and the banking institution, including the compensation to be received by the banking institution from the Registrant. Clients should be aware that, even though a banking institution has referred the client to Registrant, any investments managed by the Registrant are not deposits with the banking institution, are not guaranteed by the banking institution, are not guaranteed by any governmental entity, and are subject to the same risks as any other investments and may lose value. Conflict of Interest: The banking institution offers banking products and services that are not services of Registrant, and the banking institution may have a financial incentive to recommend those products and services to the client instead of introducing the client to Registrant.

The Registrant and its dually registered persons have a financial incentive to join and remain affiliated with LPL Financial and to recommend that clients establish accounts with LPL Financial through the provision of Transition Assistance (discussed in Item 12 of Registrant's Part 2A Brochure). LPL also provides other compensation to the Registrant and its dually registered persons, including but not limited to, bonus payments,

forgivable and nonforgivable loans, stock awards and other benefits.

The receipt of any such compensation creates a financial incentive for your representative to recommend LPL Financial as custodian for the assets in your advisory account. We encourage you to discuss any such conflicts of interest with your representative before making a decision to custody your assets at LPL Financial.

IV. Financial Information (Item 18 of Part 2A)

- A. The Registrant does not solicit fees of more than \$1,200 (one thousand two hundred dollars), per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS?

The Registrant's Chief Compliance Officer, James Hooks, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.

Should a client or prospective client have any questions, please contact Mr. Hooks at (973) 538-7010.