

# Firm Brochure

This brochure provides information about the qualifications and business practices of Cadaret Grant & Co., Inc. Please contact us at 800.288.8601 with questions about this brochure. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Cadaret Grant & Co., Inc. also is available on the SEC's public disclosure Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Wherever Cadaret Grant & Co., Inc. is referred to as a "registered investment adviser" throughout this document, the term "registered" does not imply a certain level of skill or training. "Registered" means Cadaret Grant & Co., Inc. has filed the necessary documentation to maintain registration as an investment advisor with the SEC.

## Material Changes

Cadaret Grant & Co., Inc. ("Cadaret Grant" or "the Firm") is required to disclose all material changes to its Form ADV, Part 2A since its last update. The prior version of Cadaret Grant's Form ADV Part 2A was last updated on March 25, 2019. Since that update, Cadaret Grant has amended its Form ADV, Part 2A as follows:

Information was added to Sections I.C. and II. B. regarding the Contour Platform, an additional advisory offering.

Information was added to Section 1.E. (Retirement Services Program) regarding FPS Services, LLC (FPS/IPX), an unaffiliated third-party providing recordkeeping and third-party administration services.

Additional information was added to Sections I.F. and II.F. (Consulting Services Program), regarding the available services and to provide additional clarity.

Disclosures were amended in Section II, I. (Other Forms of Compensation) and Section XI (Client Referrals and Other Compensation) to provide additional clarity concerning revenue sharing agreements between Cadaret Grant and members of its Partners Program.

Disclosures were added to Section VI, Q. and R. (Disciplinary Information) regarding a recent concern involving the State of Pennsylvania.

Disclosures were amended in Section IX (Brokerage Practices) and Section XIV (Voting Client Securities) to provide additional clarity regarding available custodians.



Cadaret Grant & Co., Inc.  
100 Madison Street, Suite 1300  
Syracuse, NY 13202  
T 315.471.2191  
F 315.475.6550

*Member Financial Industry Regulatory Authority, Securities Investor Protection Corporation*

## Table of Contents

I.	Advisory Business.....	4
	A. The Investment Management System (TIMS) .....	5
	B. The Investment Management System II (TIMS II).....	6
	C. The Contour Platform (Contour).....	7
	D. Advisor’sEdge.....	9
	E. Retirement Service Program.....	10
	1. Investment Supervisory Services.....	10
	2. Fee Based Retirement Plan Services (Retirement Consulting).....	11
	F. Consulting Services Program.....	13
	G. Third Party Investment Advisor Programs.....	14
	H. Assets Under Management (AUM).....	16
II.	Fees and Compensation.....	16
	A. The Investment Management System (TIMS) and The Investment Management System II (TIMS II) Fees.....	17
	B. The Contour Platform (Contour).....	19
	C. Advisor’s Edge.....	22
	D. Retirement Services Program- Investment Advisory Services.....	24
	E. Retirement Services Program- Fee Based Retirement Plan Services.....	24
	F. Consulting Services Program.....	25
	G. Third Party Investment Advisor Programs.....	25
	H. Capital Strategy Group, Ltd.....	26
	I. Other Forms of Compensation.....	26
	J. Disclosure to ERISA Plans.....	28
III.	Performance-Based Fees and Side-by-Side Management.....	29
IV.	Types of Clients .....	29
V.	Methods of Analysis, Investment Strategies and Risk of Loss.....	30
VI.	Disciplinary Information.....	32
	A. Allegations .....	32
	B. Sanctions.....	33
	C. Allegations .....	34
	D. Sanctions.....	34
	E. Allegations.....	34
	F. Sanctions.....	35
	G. Allegations .....	35
	H. Sanctions.....	35
	I. Allegations .....	35
	J. Sanctions.....	36
	K. Allegations .....	36
	L. Sanctions.....	36
	M. Allegations.....	37
	N. Sanctions.....	38
	O. Allegations.....	38
	P. Sanctions.....	39
	Q. Allegations.....	39
	R. Sanctions.....	39
VII.	Other Financial Industry Activities .....	40
VIII.	Code of Ethics, Participation or Interests in Client Transactions and Personal Trading.....	41
IX.	Brokerage Practices.....	42

X.	Review of Accounts .....	44
XI.	Client Referrals and Other Compensation.....	45
XII.	Custody .....	52
XIII.	Investment Discretion .....	52
XIV.	Voting Client Securities.....	53
XV.	Financial Condition.....	53

## I. Advisory Business

Cadaret Grant & Co., Inc. (Cadaret Grant) is a registered investment advisor (RIA) with the Securities and Exchange Commission (SEC). Cadaret Grant is also a registered broker/dealer, member of the Financial Industry Regulatory Authority (FINRA) and Securities Investor Protection Corporation (SIPC). Cadaret Grant has been registered as an investment advisor since 1992, as a broker/dealer since 1985 and its principal owner is AWS 4, Inc.

The principal business of Cadaret Grant is providing a full line of services as a registered securities broker/dealer. In its capacity as a broker/dealer, Cadaret Grant is involved in the sales of securities of various types including stocks, bonds, mutual funds, limited partnerships (LPs), unit investment trusts (UITs), and variable annuities. Cadaret Grant does not sell proprietary products. Investment advisory services (Advisory Services) are available to associated persons who are licensed, when required, or approved as Investment Advisor Representatives (IARs) of Cadaret Grant and to independently operated and unaffiliated registered investment advisors (Advisors). IARs are independent contractors of Cadaret Grant and not employees. Consequently, some IARs hold themselves out to the public using business names other than Cadaret Grant. These are known as “doing business as” names or, more commonly, “DBAs”. IARs who use DBAs must disclose on their advertising and correspondence materials that securities are offered through Cadaret Grant.

Advisory Services consists of programs available within Cadaret Grant’s platform of products, as well as advisory services programs available through unaffiliated third-party investment advisor programs (TPIA). Advisory Services are designed to accommodate a wide range of investment philosophies and objectives. This allows IARs to select the programs that they believe are best suited to meet each client’s individual needs and circumstances. Cadaret Grant does not hold itself out as specializing in a particular type of advisory service. However, some IARs focus on certain types of advisory services over others.

Cadaret Grant does not determine investment philosophies and strategies. Investment philosophies and strategies vary by IAR. IARs are responsible for determining and implementing investment advice under the supervision of Cadaret Grant. The client is advised that there is no guarantee, stated or implied, that the client’s investment goals or objectives will be achieved.

Clients have access to a wide range of securities products, including common and preferred stocks; municipal, corporate, and government fixed income securities; limited partnerships; mutual funds; exchange traded funds (ETFs), options, UITs, direct investment programs and variable annuity products, as well as a wide range of other products and services including asset allocation services. IARs offer advice on

these and other types of investments based on the individual circumstances of the client.

Cadaret Grant offers the following Wrap Fee programs:

- Cadaret Grant All Inclusive or Flat Fee Arrangement (“CGAIFFA”)
- Advisor’s Edge
- Contour

Cadaret Grant has developed The Investment Management System (TIMS) program, the Advisor’s Edge program, retirement services, and consulting services. In the case of TIMS, IARs assist clients in the development of personalized managed portfolios. In the case of Advisor’s Edge, portfolio management is provided by Capital Strategy Group, Ltd., an affiliated registered investment advisory firm. Retirement Services allow IARs to assist qualified plans in the development of customized investment services, diversified investment menus, and participant advice and/or educational programs. Consulting Services allows IARs to provide consulting and financial planning services to clients on an hourly or flat-rate fee basis.

#### A. The Investment Management System (TIMS)

TIMS is an "advisor as portfolio manager" program that offers IARs the ability to implement a fee-based asset management program using a large selection of investments including no load and load-waived mutual funds, general securities (stocks, bonds, and options), and other investments to achieve the client's investment objectives, all within one consolidated account. Each IAR has his or her own research techniques and investment strategies which should be explained to clients and apply to the creation of investment portfolios designed to achieve clients' investment goals.

The minimum account size is \$25,000. Cadaret Grant reserves the right to negotiate the minimum account size. Transactions are implemented on a discretionary basis with the exception of general securities (stocks, bonds, and options), which will be executed on a non-discretionary basis. The IAR consults with the client before effecting general securities transactions. Transactions for client accounts will be executed independently, unless the IAR decides to purchase or sell the same securities for several clients at approximately the same time. The some IARs combine (but are not obligated to) or "batch" such orders to obtain the best execution and to equitably allocate among clients the difference in price that might have been obtained had such orders been placed independently. When batched, transactions will be averaged by price and will be allocated among the IAR's clients in proportion to the purchase and sale orders placed for each client's account on any given day.

During any month in which there is activity in the account, the client will receive a monthly account statement from the custodian, Pershing, Schwab,

or a similar clearing firm showing account activity and positions held in the account at month-end. The client will receive a confirmation of each transaction. The confirmations will contain the information required by SEC Rule 10b. Upon request, the client will also be provided with any additional trade information required by SEC Rule 10b-10(a). The client will also receive a detailed quarterly performance report at the discretion of IAR. Finally, the client will receive an annual tax reporting statement from the account custodian with respect to taxable accounts and transactions. The client will at all times maintain full and complete ownership rights (for example, the right to add or withdraw securities or cash, vote securities, and receive timely confirmations) to all assets in the account.

## B. The Investment Management System II (TIMS II)

TIMS II is an "advisor as portfolio manager" program that offers the IAR the ability to implement a discretionary fee-based asset management program using a broad range of investments including mutual funds, ETFs, publicly and non-publicly traded REITS and limited partnerships, stocks, bonds, and options to achieve clients' investment objectives, within one consolidated account. Each IAR has his or her own research techniques and investment strategies which he or she should explain to clients and apply to the creation of investment portfolios designed to achieve clients' investment goals.

The minimum account size is \$25,000. Cadaret Grant reserves the right to negotiate the minimum account size. Each IAR has his or her own research techniques and investment strategies, which they disclose to clients and apply to the creation of investment portfolios designed to achieve clients' investment goals. Transactions for client accounts will be executed independently, unless the IAR decides to purchase or sell the same securities for several clients at approximately the same time. Some IARs combine (but are not obligated to) or "batch" such orders to obtain the best execution and to equitably allocate among clients the difference in price that might have been obtained had such orders been placed independently. When batched, transactions will be averaged as to price and will be allocated among the IAR's clients in proportion to the purchase and sale orders placed for each client's account on any given day.

During any month in which there is activity in the account, the client will receive a monthly account statement from the custodian showing account activity and positions in the account at month-end. The client will also receive a confirmation of each transaction that occurs within the account. Confirmations will contain the information required by SEC Rule 10b. Upon request, the client will also be provided with any additional trade information required by SEC Rule 10b-10(a). The client will also receive a detailed quarterly performance report at the discretion of IAR. Finally, the client will receive an annual tax reporting statement from the account custodian with respect to taxable accounts and transactions.

## C. The Contour Platform (Contour)

Cadaret Grant is the sponsor of The Contour Platform (Contour), an investment advisory program that provides IARs access to individualized investment management services. Contour is administered through a written agreement with Envestnet Portfolio Solutions, Inc. ("EPS"), an investment advisor registered with the SEC. Cadaret Grant has engaged EPS to provide various administrative services to Contour clients as described below. Contour is an asset management platform offering access to an "advisor as portfolio manager" program (Contour APM) as well as programs consisting of third-party managed investment solutions (Contour Strategists, Contour SMA, and Contour UMA).

Contour provides clients access to investment management services for investment portfolios through the following programs:

- Contour APM – This is an "advisor as portfolio manager" program that offers the IAR the ability to implement a discretionary fee-based asset management program using a broad range of investments including mutual funds, ETFs, publicly traded REITS and partnerships, stocks, bonds, options, and annuity contracts to achieve clients' investment objectives, within one consolidated account. Each IAR has his or her own research techniques and investment strategies which he or she should explain to clients and apply to the creation of investment portfolios designed to achieve clients' investment goals.

The minimum account size is \$25,000. Cadaret Grant reserves the right to negotiate the minimum account size. Each IAR has his or her own research techniques and investment strategies, which they disclose to clients and apply to the creation of investment portfolios designed to achieve clients' investment goals. Transactions for client accounts will be executed independently, unless the IAR decides to purchase or sell the same securities for several clients at approximately the same time. Some IARs combine (but are not obligated to) or "batch" such orders to obtain the best execution and to equitably allocate among clients the difference in price that might have been obtained had such orders been placed independently. When batched, transactions will be averaged as to price and will be allocated among the IAR's clients in proportion to the purchase and sale orders placed for each client's account on any given day.

- Contour Strategists – This program consists of mutual fund and/or ETF portfolios managed by EPS pursuant to the investment recommendations of one or more third-party asset allocation providers (each, a "Strategist").

The minimum account size for the Contour Strategists program can be as low as \$2,000 but varies by Strategist. Cadaret Grant reserves the right to

negotiate the minimum account size. Cadaret Grant selects Strategists for the program from a list curated by EPS who evaluates certain quantitative and qualitative criteria. Strategists are reviewed and analyzed by both EPS and Cadaret Grant both on an initial and ongoing basis and are subject to replacement if it is determined that the Strategist fails to meet one or more of the portfolio monitoring criteria.

- Contour SMA - This program offers a broad array of investment strategies managed by third-party money managers (each, a “Sub-Manager”).

The minimum account size is \$100,000. Cadaret Grant reserves the right to negotiate the minimum account size. EPS selects Strategists for the program from a curated list created utilizing certain quantitative and qualitative criteria. Sub-Managers are reviewed and analyzed by EPS both on an initial and ongoing basis and are subject to replacement if it is determined that the Sub-Manager fails to meet one or more of the portfolio monitoring criteria. Cadaret Grant also independently reviews and analyzes the Sub-Managers and recommend their addition or removal from the program.

- Contour UMA - This program offers the combined investment strategies of two or more Strategists, Sub-Managers, mutual funds, ETFs, and other general securities within a single account.

The minimum UMA account size is \$100,000. IAR has limited investment discretion to construct custom portfolios comprised of Strategists, Sub-Managers, mutual funds, ETFs, and other general securities as permitted by Cadaret Grant. EPS is responsible for overlay management, placing trades as necessary when the IAR and/or selected 3rd party money managers make changes to the investments in the Program Account. Envestnet performs overlay management of the model portfolio by implementing trade orders and periodically rebalancing in accordance with the model portfolio. Envestnet also provides additional overlay services for a fee related to specific client objectives that could include tax management, ESG or socially responsible screening, or other portfolio customization to be outlined on the Statement of Investment Selection.

Actual minimum investment amounts for any investment strategy, Sub-Manager or Strategist, can be higher or lower than listed above. The minimum investment requirements can be negotiable at the discretion of Cadaret Grant, EPS and any Sub-Manager or Strategist, as applicable.

Cadaret Grant’s review and selection of service providers for Contour is based on their ability to provide an overall set of services necessary to administer the program, which includes a variety of functions such as investment research, technology, and administrative support. If Cadaret Grant, through its ongoing evaluation of any service provider, determines that



they are no longer able to perform these services effectively, Cadaret Grant can replace them with another service provider or discontinue the program.

During any month in which there is activity in the account, the client will receive a monthly account statement from the custodian showing account activity and positions in the account at month-end. The client will also receive a confirmation of each transaction that occurs within the account. Confirmations will contain the information required by SEC Rule 10b. Upon request, the client will also be provided with any additional trade information required by SEC Rule 10b-10(a). The client will also receive a detailed quarterly performance report at the discretion of IAR. Finally, the client will receive an annual tax reporting statement from the account custodian with respect to taxable accounts and transactions.

For further details, please see the Contour Wrap Fee Program Brochure. We provide this brochure to you prior to or concurrent with your enrollment in Contour. Please read it thoroughly before investing.

#### D. Advisor's Edge

The Advisor's Edge program is available to clients through the IAR. Advisor's Edge offers the client a managed account chosen from specific asset allocation models developed by Capital Strategy Group, Ltd., a registered investment advisor affiliated with Cadaret Grant. The account will consist of a mix of asset classes with weightings based on risk profile, investment objective, individual client preferences, and availability. The client will have the opportunity to periodically meet with the IAR to review the account. The account can be rebalanced at any time to help ensure that the account remains within reasonable deviation parameters of the specific asset allocation model selected by the client in order to maintain the chosen asset allocation or the specific model's objective, pursuant to the trading discretion granted within the Advisor's Edge Client Agreement.

The IAR will obtain the necessary financial data from the client, assist the client in determining the suitability of the account, and help the client identify the appropriate investment objectives. Each Advisor's Edge account will consist of a percentage mix of asset classes, composed of domestic and/or international fixed income and equity mutual fund shares, and/or ETFs.

Generally, several asset classes with varying degrees of risk will be used in a client's portfolio depending on the client's risk profile, investment objectives, individual client preferences, and availability. Cadaret Grant will have complete and unlimited discretionary trading authority to purchase and sell no-load and load-waived mutual funds, closed-end funds, and ETFs, and to liquidate previously purchased mutual funds, closed-end funds, and ETFs, pursuant to the investment objectives and model allocations the client chooses.

The client and the IAR will meet periodically to review the client's financial situation, investment objectives, and current portfolio. In addition, the IAR will be reasonably available to consult with the client concerning the client's account. The client will be responsible for all tax consequences resulting from any rebalancing or reallocation of the account.

During any month in which there is activity in the Advisor's Edge account, the client will receive a monthly custodial account statement from Pershing, , showing account activity, as well as positions held in the account at month-end. The client will also receive a confirmation of each transaction that occurs within the account. The client will also be provided with any additional trade information required by SEC Rule 10b-10(a). The client will also receive quarterly statements containing performance information, security holdings and fair market value. Finally, the client will receive an annual tax reporting statement from the account custodian with respect to taxable accounts.

The client will maintain full and complete ownership rights relating to the account, including the right to add or withdraw securities or cash to or from the account, pledge securities, vote securities, impose reasonable investment restrictions, and receive timely confirmations relating to all securities held in the account.

For further Advisor's Edge details, please see the Cadaret Grant Wrap Fee Program Brochure. We provide this brochure to you prior to or concurrent with your enrollment in Advisor's Edge. Please read it thoroughly before investing.

## E. Retirement Services Program

The retirement services program offers the IAR two ways to assist plan sponsors with customized investment advisory services, diversified investment menus, consulting and reporting, and participant educational programs.

### 1. Investment Supervisory Services

Cadaret Grant has contracted with Aspire Financial Inc. (Aspire) and FPS Services, LLC (FPS/IPX), unaffiliated third parties to provide recordkeeping services and third party-administration services. Through these platforms provided by Aspire and FPS/IPX , the IAR provides investment advisory service and assists plan sponsors with developing a customized investment plan to fit the needs of individual plan participants. Cadaret Grant and the IAR use various investment options, including mutual fund company shares (including no-load and load-waived mutual funds), ETFs, asset allocation models, or a combination to meet the specific needs of the plan. In addition to the various investment options, the plan and plan participants have the

ability to hire the use of an approved sub-advisor on the platform for the creation and management of the investments offered to the plan. Each plan will consist of a diversified mix of investment options to assist plan participants in meeting their individual needs. The mix and weightings of investments will be based on the available plan options and each plan participant's risk profile, investment objectives, and individual preferences. Each plan and plan participants will have the opportunity to meet with the IAR at periodic educational sessions and the plan will have the opportunity to review the assets in the plan periodically with the IAR. The plan and plan participants will maintain full and complete ownership rights to all vested assets held within plan accounts. Plan participants will have the ability to generate online account statements through the plan's Web site provided by the recordkeeping agent, or receive account statements from the recordkeeping agent, showing account activity, positions, and asset values held in the account no less frequently than quarterly. Participants can also make changes to their investment allocation on a periodic basis, in accordance with the terms of the respective plan documents. The assets of each plan account will be held at a qualified custodian.

## **2. Fee Based Retirement Plan Services (Retirement Consulting)**

Plan sponsors can choose to retain the IAR to provide selected discretionary and non-discretionary services for qualified plans. The IAR can provide one or more of the following consulting services: general information on legislative, Department of Labor and Internal Revenue Service matters of relevance to qualified plans; evaluation and recommendation of service providers, plan design, needs analysis, preparation of plan investment policy statement, performance analysis of investments or investment managers utilized by the plan, monitoring of investments selected by the plan sponsor for style drift and correlation with stated fund investment objectives, enrollment meetings for participants, ongoing investment education for participants regarding plan options, provide information and education in response to participant inquiries; provide individual financial and estate planning consultation to plan participants, and plan distribution consulting.

Plan assets will be held at a qualified custodian. The qualified custodian will designate a broker/dealer of record for plan assets other than Cadaret Grant. The broker/dealer of record or qualified custodian receives mutual fund sub-transfer agent fees and/or mutual fund 12b-1 fees, (collectively the fees) from investments in the plan. Neither the IAR nor Cadaret Grant, as RIA, participate in these fees. Additionally, neither the IAR nor Cadaret Grant maintains responsibility for reviewing and/or monitoring such fees to ensure administrative costs are properly offset.

The person(s) signing the retirement plan agreement on behalf of the plan must acknowledge he or she is authorized to do so and is a responsible plan fiduciary as defined by The Department of Labor's Employee Benefits Security Administration Section 408(b)(2) Fee Disclosure Rule. All recommendations or investment advice provided by the IAR will be based upon the information provided by the plan sponsor and/or plan participant as applicable. The IAR is a "fiduciary" as defined under Section 3 (21) of ERISA only to the extent to which it provides investment advice, as defined by ERISA, to the plan and/or the plan's participants. The advisor and the IAR will have no discretionary authority or control with respect to the plan or plan assets except as described in the following paragraph. Unless Cadaret Grant and the IAR are providing discretionary fiduciary services as described below, the plan sponsor and plan participants are under no obligation and are solely responsible for implementing any of the IAR's recommendations with respect to plan assets. IAR will not provide trade execution services with respect to plan assets. Cadaret Grant and the IAR are each not a "fiduciary" to the plan with respect to services not considered investment advice, as defined by ERISA, including but not limited to investment education, consultation on plan design, and consultation related to evaluation and selection of service providers. The disclosures required by the Department of Labor's 408(b)(2) regulation can be found within the firm's *Fee-based Retirement Plan Services* agreement. These disclosures address items such as services, fees, payment notification, manner of payment, indirect compensation, and compensation to affiliates, related enterprises and subcontractors.

In certain circumstances, if agreed among Cadaret Grant, the IAR and the plan sponsor, Cadaret Grant will act as an "investment manager" as defined under Section 3(38) of ERISA to the applicable participant-directed plan, and will have the discretion and authority to establish the "line-up" of investment options available to participants under the plan, either (i) within parameters deemed appropriate by Cadaret Grant based on demographic and other data provided by the plan sponsor, or (ii) within certain parameters provided by the plan sponsor. Cadaret Grant and IAR acknowledge their duty to disclose and adequately address conflicts of interest, which can include IAR using its position as a fiduciary to promote or solicit the plan sponsor to enter into any agreement or otherwise conduct business with any entity or enterprise in which IAR has a financial interest ("related enterprise" or "affiliate"). In the event plan sponsor does enter into any agreement or otherwise conduct business with any "related enterprise", plan sponsor will do so based solely on its knowledge and understanding of the other services available through the related enterprise or affiliate.

## F. Consulting Services Program

Cadaret Grant's Consulting Services Program enables IARs to provide financial guidance for a fee.

**Comprehensive Financial Planning** – Under this arrangement, IARs will provide clients with a written, comprehensive financial plan that covers a broad range of planning analysis and issues specific to the client such as retirement, college planning, business, investments, tax and protection planning. A written, comprehensive financial plan can be provided by using MoneyTree, MoneyGuide Pro, Advicent, eMoney or Right Capital 360 software. The OSJ must sign off on all financial plans prior to the plan being presented to the client. The maximum fee for this service is \$10,000. Unearned, prepaid fees will be returned upon termination of the agreement.

**Consulting Services** – Under this arrangement, IARs will provide evaluation, analysis and recommendations to their client for a particular area of concern without the preparation of a written financial plan. The consulting services can include a comprehensive financial plan or specific services such as investment planning, retirement planning, estate planning, education planning, financial coaching, business planning, tax planning, budgeting/cash flow planning, and goal planning. The maximum fee for this service is \$250 per hour. Unearned, prepaid fees will be returned upon termination of the agreement.

The consulting services cannot include ongoing investment or asset management, asset rebalancing, asset allocation or the execution of securities transactions. The agreement is not an investment management agreement and does not convey discretion to the IAR or Cadaret Grant. The agreement is a single-use agreement specifically pertaining to the services outlined in Schedule A and cannot be used for on-going or repeat services.

Providing advice solely on ERISA accounts is not permitted. Comprehensive advice that takes into consideration a client's ERISA accounts is permitted.

A copy of all client research notes and materials provided to the client should be placed in a separate file for each Consulting Services client.

**Conflicts of Interest:** If the client chooses to implement advice through the IAR, the IAR and Cadaret Grant receive additional compensation for the products or services provided. The IAR has a financial incentive to recommend that the consulting/planning advice be implemented using a certain product or service over another product or service. The client has no obligation to implement recommendations by executing transactions through Cadaret Grant.

All fees are negotiable on an individual basis. Checks for consulting services fees must be made payable to Cadaret Grant & Co., Inc., and cannot be payable to the IAR, the IAR's business name or any other business name. If

collecting more than \$500 in fees, the fees cannot cover services provided over a time period greater than six months.

## G. Third Party Investment Advisor Programs

Third party investment advisory (TPIA) programs reviewed and offered through Cadaret Grant for use by the IAR include asset allocation strategies, mutual fund and exchange traded fund (ETF) models, separately managed account programs (SMAs), unified managed account programs (UMAs), wrap fee services, and other types of managed portfolios such as tax harvesting and tax efficiency strategies, risk management strategies and dynamic and tactical portfolios. Some programs are more or less aggressive as compared to other programs. Some programs also have higher or lower fees and expenses than other programs. These programs are sponsored by the TPIAs and are offered through selling agreements, solicitor/referral arrangements and other types of agreements between Cadaret Grant and the TPIAs. Many of these TPIAs sponsor a broad range of investment programs. Cadaret Grant management and due diligence personnel review these TPIAs. Dependent on the agreement between Cadaret Grant and the TPIA and based on the information provided by the client, the IAR will refer the client to or assist the client in selecting a third party investment advisor (TPIA) who offers products and services that demonstrate an investment philosophy and style that appear to align with the needs of the client. The client is asked to provide detailed financial and other pertinent data to the IAR. The IAR helps the client determine the risk tolerance, investment goals, and other relevant guidelines. There is no guarantee that the client's goals or investment objectives will be achieved by any specific program.

Asset allocation strategies are programs within which TPIAs themselves or the investment managers they select through their due diligence process, invest in mutual funds, ETFs or a variety of other securities across different asset classes. The purpose is usually to provide diversified holdings while attempting to generate consistent returns within a single strategy or model. Some asset allocation strategies have a specific breakdown of asset classes that they try to maintain over time, while others vary the composition as investment opportunities and circumstances change.

Mutual fund and ETF models are programs within which TPIAs perform due diligence to select mutual fund and ETFs to be included in the portfolios they create. The TPIAs also determine the asset allocations within each portfolio and perform periodic rebalancing. In addition, the TPIAs periodically change the mutual funds and ETFs included in their portfolios based on their due diligence findings and adjust allocations based on their research and analysis.

SMA programs offer professional account management, taking into consideration individual risks and objectives. Within these programs, the TPIA generally either provides individual account management or, through its due

diligence process, selects other professional investment managers. The TPIAs and professional investment managers who provide these services can specialize in a specific area of the investment industry or provide private management services related to a variety of investment disciplines. SMA account portfolios usually include stocks and/or bonds, cash and other investment vehicles.

Unified managed accounts, also known as overlay portfolios, combine the individual investment management services of SMA programs with multiple investment products such as mutual fund and ETF models and strategies to create portfolios that are customized to meet the needs of an individual client. Similar to SMAs, the TPIA generally either manages UMAs or, through its due diligence process, selects other professional investment managers who offer UMA services. The TPIAs and other professional investment managers who offer UMAs generally provide consolidated performance reporting and rebalancing across various products and accounts.

Wrap fee accounts can be invested in various models, strategies, SMAs, UMAs or other types of programs and are generally arrangements in which the client pays a single fee for execution and portfolio management services and traditional research, advisory and investment management services.

Clients should always refer to the TPIA's Form ADV Part 2, or equivalent brochure, for a full description of their products and services and all related terms, conditions fees and expenses.

Under selling agreements between Cadaret Grant and the TPIA, the IAR assists the client in selecting a suitable TPIA program such as an asset allocation strategy or SMA portfolio. Based on the type of the product or service selected, client assets are then either invested in the strategy or model or the TPIA begins to properly allocate the client's assets in the investment portfolio. The IAR will provide initial and continuing education and information regarding the program selected. The IAR will also explain rebalancing guidelines utilized within the program and meet with the client periodically to discuss changes to the client's financial circumstances. Clients should always refer to the TPIA's Form ADV Part 2, or equivalent brochure, for a full description of the terms and conditions of their services and fees. Each client is provided a copy of applicable disclosure documents and Form ADV 2 prior to, or at the time of entering, into an advisory contract.

Solicitor or referral arrangements between Cadaret Grant and TPIAs are formed through written solicitation agreements stating Cadaret Grant and the IAR will conduct activities as a solicitor in compliance with the requirements of applicable state regulations and SEC Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended and in each state where applicable. Each client is given a copy of the Solicitor Disclosure Document and Form ADV 2 prior to, or at the time of entering, into an advisory contract. Under these arrangements, the IAR will assist the client in identifying the client's objectives and refer the client to a TPIA according to the client's stated objectives. The

client typically enters into an agreement directly with the TPIA and the client's funds will be invested as recommended by the TPIA. The IAR will monitor the performance of the TPIA and coordinate communication between the client and TPIA. The IAR will not actively participate in the execution of any securities transactions for a client's TPIA account and will have no authority to determine, without obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, or the broker/dealer to be used for the purchase or sale of securities in the client's TPIA account. Such decisions are made in accordance with the terms of the investment advisory agreement executed between the client and the chosen TPIA. The TPIA or its designee can have discretionary authority over the client's account. Clients should refer to the TPIA's Form ADV Part 2, or equivalent brochure, for a full description of the terms and conditions of their services and fees.

Where TPIA services are provided to assets held in accounts maintained by Cadaret Grant in its capacity as introducing broker/dealer, the account assets are maintained at an independent custodian such as Pershing, LLC (also commonly known as a clearing broker/dealer).

A complete list of TPIAs available through Cadaret Grant is available upon request.

## H. Assets Under Management (AUM)

As of December 31, 2019, discretionary assets under management totaled \$3,780,184,644 and non-discretionary assets under management totaled \$815,565,050.

## II. Fees and Compensation

Fee schedules vary based on the type of advisory service provided to a client. Applicable fee schedules follow. Fees can be negotiated at the discretion of Cadaret Grant.

Advisory fees are charged to clients of Cadaret Grant's various advisory service platforms in exchange for account management, investment advice, consultation and other advisory services offered under the platforms. Advisory Services fees are separate and distinct from other fees that might apply to clients, including transaction fees, custodial maintenance fees, underlying mutual fund fees and expenses paid to mutual funds and other investment product companies by shareholders of those products as outlined in the applicable prospectuses. Some common types of transactions that can include associated processing fees and charges incurred by the client include trading, transfers, distribution of funds, systematic investments and withdrawals and mutual fund exchanges. Many different circumstances can cause fees and charges to vary account by account. Some of these circumstances include the type of security being traded and dollar amount and/or share quantity of the



trade. Custodial fees vary based on the type of account. For instance, some types of retirement accounts carry higher custodial maintenance fees than others.

### A. The Investment Management System (TIMS) and The Investment Management System II (TIMS II) Fees.

The maximum annual asset management fee charged will be 2.20% in addition to an account administrative fee of \$25 per quarter for accounts with less than \$100,000. Fees are billed in advance of each calendar quarter based on the value of the account at the close of business on the last business day of the ending quarter, and if applicable, an administrative fee. Initial fees for new accounts will be calculated on a pro-rata basis for the remainder of that quarter. Cadaret Grant will send a quarterly billing invoice to the client and the custodian setting forth the fee due in advance for that quarter and the manner in which the fee is calculated. The client authorizes payment of the fee directly to Cadaret Grant from the account upon presentation of this invoice. To satisfy, the funds will be deducted from the account and, if necessary, from liquidating holdings in the following order: cash positions; money market funds or current positions in the account. Cadaret Grant will review and evaluate, on a case by case basis, requests from clients to receive an invoice and pay their fee directly rather than from their accounts. The IAR has the discretion to discount fees.

Custody and clearing services are provided by Pershing LLC (Pershing), a member of BNY Securities Group and a subsidiary of The Bank of New York, or Charles Schwab and Co., Inc. (Schwab). Cadaret Grant reserves the right to designate, from time to time, alternative clearing and custody arrangements. Custody of funds and securities is maintained by the various clearing firms, and not by Cadaret Grant.

The account fees noted above are separate and distinct from other fees that might apply, including transaction fees, custodial fees, and underlying mutual fund fees and expenses paid to the fund by shareholders of the fund as outlined in each fund's prospectus. In addition to the account fees noted above, the client can also incur certain charges imposed by third parties other than Cadaret Grant or the IAR in connection with investments made through the TIMS program. These include mutual fund or money market 12(b)-1 fees and sub-transfer agent fees, mutual fund and money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, other transaction charges and service fees, IRA and qualified retirement plan fees, and other charges that are required by law. Any portion of 12b-1 fees paid to Cadaret Grant attributable to the client's assets held in the TIMS or TIMS II account will be credited to the client's TIMS or TIMS II account.

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in

addition to retail share classes (typically referred to as class A, class B and class C shares), mutual funds can also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount thresholds or is enrolled in an eligible fee-based investment advisory program. Institutional share classes usually have a lower expense ratio than other share classes. Cadaret Grant and its IARs have a financial incentive to recommend or select share classes that have higher expense ratios because such share classes generally result in higher compensation. Cadaret Grant has taken steps to minimize this conflict of interest, including by providing its IARs with training and guidance on this issue, as well as by conducting periodic reviews of client holdings in mutual fund investments to ensure the appropriateness of mutual fund share class selections and whether alternative mutual fund share class selections are available that might be more appropriate given the client's particularized investment objectives and any other appropriate considerations relevant to mutual fund share class selection. Regardless of such considerations, Cadaret Grant clients should not assume that they will be invested in the share class with the lowest possible expense ratio.

The appropriateness of a particular mutual fund share class selection is dependent upon a range of different considerations, including but not limited to: the asset-based advisory fee that is charged, whether transaction charges are applied to the purchase or sale of mutual funds, the overall cost structure of the advisory program, operational considerations associated with accessing or offering particular share classes (including the presence of selling agreements with the mutual fund sponsors and Cadaret Grant's ability to access particular share classes through the custodian), share class eligibility requirements; and the availability of revenue sharing, distribution fees, shareholder servicing fees or other compensation associated with offering a particular class of shares. Please contact your advisor for more information about share class eligibility.

Further information regarding fees and charges assessed by a mutual fund is available in the appropriate mutual fund prospectus. Certain fee amounts and arrangements are negotiable and Cadaret Grant can, in its sole discretion, waive any fee, whether on an ongoing or a one-time basis. Cadaret Grant can also allow for the aggregation of assets from "related accounts" for purposes of determining the amount of assets under management and, thus, the applicable advisory fee paid by a client. Cadaret Grant reserves the right to determine whether accounts are "related" for purposes of the forgoing aggregation exception.

The agreement can be terminated for any reason by any party effective upon receipt of written notice of such termination by the parties. Client will be entitled to a prorated refund of any unearned, pre-paid quarterly account fees based upon the number of days remaining in the quarter after the termination date. Upon termination, the client will have immediate access to account assets, subject to any limitations or restrictions imposed by the custodian.

## B. The Contour Platform (Contour)

Program fees are billed in advance of each calendar quarter based on the value of the account at the close of business on the last business day of the ending quarter. If an account on the Contour Platform experiences a contribution or withdrawal during a quarter above \$10,000 of cash or securities, EPS will calculate billing adjustment prorated for the remainder of the quarter to adjust the fee based on the net asset flow. Initial fees for new accounts will be calculated on a pro-rata basis for the remainder of that quarter. On a quarterly basis, EPS will generate a performance report that will show any, and all advisory fees debited from the account during the prior quarter. Fees will be debited from the client's Contour account, or such other account that the client designates for the purpose of payment of the fees. To satisfy, the funds will be deducted from the account and, if necessary, from liquidating holdings in the following order: cash positions; money market funds or current positions in the account. Cadaret Grant will review and evaluate, on a case by case basis, requests from clients to receive an invoice and pay their fee directly rather than from their accounts. The IAR has the discretion to discount fees. The maximum annual program fee is 3.00% of the client's assets under management on the Contour platform but can be lower in certain programs that do not utilize a Strategist or Sub-Manager. The minimum annual program fee generally is 0.50%, but that can be waived or reduced at the discretion of Cadaret Grant. Fees are negotiated with each client based on the size and complexity of each client's circumstances. Each Adviser will negotiate with each client to determine the fees to be charged; therefore, fees vary among Advisers and clients, and some Advisers charge higher fees than other Advisers for similar services.

The program fee paid by the client includes the Cadaret Grant advisory fees, the Adviser's fees, Cadaret Grant platform and administrative fees, and EPS's administrative and management fees. If the program selected includes the use of one or more Sub-Managers or Strategists, a portion of the program fees will be paid to the applicable Sub-Manager, Strategist, and custodian to compensate each of them for their respective services. Fees charged by each entity providing services to the program vary based on the program selected, the investment products used, and the size of the account and/or household, among other factors. Cadaret Grant will determine the methodology for charging for trading costs for each program. This can be included in the program fee or can be assessed as a separate charge by the custodian or broker-dealer. The standard range of asset-based fees for each party is as follows:

- Cadaret Grant: up to 0.15% of account assets
- EPS: up to 0.12% of account assets
- Strategists: up to 0.50% of account assets
- Sub-Managers: up to 1.00% of account assets
- Custodian: up to 0.20% of account assets

An additional charge of up to 15 basis points (0.15%) will be added to your program fee if you elect certain tax management services described above. This charge is paid to the investment manager or the “overlay manager” that applies the tax screening to your investments.

Actual fees charged to a specific client or account will vary and will be disclosed in the statement of investment selection signed by the client upon election of services under Contour. Accounts that do not meet a certain asset threshold will be subject to a separate annual fee to cover administrative costs for the program. Fees will not be charged on the basis of a share of capital gains or capital appreciation of a client’s funds or any portion of a client’s funds.

Contour accounts are in custody of an unaffiliated custodian (“Custodian”) designated by Client after consultation with IAR. Custodial options include Pershing, LLC, Charles Schwab & Co., Inc., and any other custodian Cadaret Grant chooses to make available. Custodian is responsible in all respects for custody of Client funds and securities, executing and clearing transactions, and position valuation. Account statements, transaction confirmations, and prospectuses will be provided to the Client by the Custodian or its agents. The Client will also receive a statement at the end of each calendar year with the necessary forms required for tax reporting relative to the Account. In addition, the Client will have access to online quarterly performance reports on the Account as produced electronically by Envestnet. The Client will receive annual performance reports. The Client may elect the Custodian’s e-Delivery service to receive electronic delivery of Custodian documents by enrolling or registering online pursuant to Custodian’s instructions. Unless the Client authorizes electronic delivery, the Custodian will deliver communications and documents the Client via U.S. mail, for which there may be a charge.

The account fees noted above are separate and distinct from other fees that might apply, including transaction fees, custodial fees, and fees and expenses that may be charged in annuity contracts and mutual funds in which the Client may invest. A complete explanation of these expenses is outlined in each applicable prospectus. The Client is encouraged to read each prospectus and to inquire about the specific nature and amount of those fees should the Client not clearly understand the prospectus.

In addition to the account fees noted above, the client can also incur certain charges imposed by third parties other than Cadaret Grant or the IAR in connection with investments made through the Contour program. These include mutual fund or money market 12(b)-1 fees and sub-transfer agent fees, mutual fund and money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, other transaction charges and service fees, IRA and qualified retirement plan fees, and other charges that are required by law. Any portion of 12b-1 fees paid to

Cadaret Grant attributable to the client's assets held in the Contour program account will be credited to the client's account. Certain mutual funds may be assessed a surcharge fee by the Custodian per their relationship with the fund company. Neither Cadaret Grant, nor the IAR, will receive any portion of this fee.

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), mutual funds can also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount thresholds or is enrolled in an eligible fee-based investment advisory program. Institutional share classes usually have a lower expense ratio than other share classes. Cadaret Grant has taken steps to insure that clients are invested in institutional share classes, including by providing its IARs with training and guidance on this issue, as well as by conducting periodic reviews of client holdings in mutual fund investments to ensure the appropriateness of mutual fund share class selections and whether alternative mutual fund share class selections are available that might be more appropriate given the client's particularized investment objectives and any other appropriate considerations relevant to mutual fund share class selection. Regardless of such considerations, Cadaret, Grant clients should not assume that they will be invested in the share class with the lowest possible expense ratio.

The appropriateness of a particular mutual fund share class selection is dependent upon a range of different considerations, including but not limited to: the asset-based advisory fee that is charged, whether transaction charges are applied to the purchase or sale of mutual funds, the overall cost structure of the advisory program, operational considerations associated with accessing or offering particular share classes (including the presence of selling agreements with the mutual fund sponsors and Cadaret Grant's ability to access particular share classes through the custodian), share class eligibility requirements; and the availability of revenue sharing, distribution fees, shareholder servicing fees or other compensation associated with offering a particular class of shares. Please contact your advisor for more information about share class eligibility.

Further information regarding fees and charges assessed by a mutual fund is available in the appropriate mutual fund prospectus. Certain fee amounts and arrangements are negotiable and Cadaret Grant can, in its sole discretion, waive any fee, whether on an ongoing or a one-time basis. Cadaret Grant can also allow for the aggregation of assets from "related accounts" for purposes of determining the amount of assets under management and, thus, the applicable advisory fee paid by a client. Cadaret Grant reserves the right to determine whether accounts are "related" for purposes of the forgoing aggregation exception.

In order to obtain best execution and minimize market impact, certain thinly traded securities, illiquid or ETF trades, for example, can be “stepped-out” (meaning traded away from and not executed through Cadaret Grant’s custodian and clearing firm) by EPS, the Strategists or Sub-Manager in order to gain best execution and minimize market impact. In some instances, stepped-out trades are executed by the other firm without any additional commission or markup or markdown, but in other instances, the executing firm can impose a commission or a markup or markdown on the trade. If trades are placed with a firm that imposes a commission or equivalent fee on the trade, including a commission that can be imbedded in the price of the security, the client will incur trading costs in addition to the program fee the client pays and described above.

The agreement can be terminated for any reason by any party effective upon receipt of written notice of such termination by the parties. Client will be entitled to a prorated refund of any unearned, pre-paid quarterly account fees based upon the number of days remaining in the quarter after the termination date. Upon termination, the client will have immediate access to account assets, subject to any limitations or restrictions imposed by the custodian.

For complete fee details including account fee schedule guidelines, please see the Contour Wrap Fee Program Brochure.

### C. Advisor’s Edge

The minimum annual fee charged will be 0.75% and the maximum annual asset fee charged will be 2.20% plus an account administrative fee of \$37.50 per quarter for accounts with less than \$100,000. Cadaret Grant reserves the right to negotiate the minimum annual fee. Fees are billed in advance of each calendar quarter based on the value of the account on the last business day of the ending quarter, and if applicable, an administrative fee. The initial quarterly fee will be prorated, and the remainder of the quarters will be billed at the standard fee. Cadaret Grant will send a quarterly billing invoice to the client and the custodian setting forth the fee due in advance for that quarter and the manner in which the fee is calculated. The client authorizes payment of the fee directly to Cadaret Grant from the account upon presentation of this invoice. Additional deposits of funds and/or securities will be subject to the foregoing billing calculation. In the event the account is not opened on the first day of a calendar quarter, the initial quarter’s assessment will be prorated. The IAR has the discretion to discount fees.

The account fees noted above are separate and distinct from other fees that might apply, including transaction fees, custodial fees, and underlying mutual fund fees and expenses paid to the fund by shareholders of the fund as outlined in each fund’s prospectus. In addition to the account fees noted above, the client can also incur certain charges imposed by third parties other than Cadaret Grant or the IAR in connection with investments made through the Advisor’s Edge program. These include mutual fund or money market

12b-1 fees and sub-transfer agent fees, mutual fund and money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, other transaction charges and service fees, IRA and qualified retirement plan fees, and other charges that are required by law. Any portion of 12b-1 fees paid to Cadaret Grant attributable to the client's assets held in the Advisor's Edge account will be credited to the client's Advisor's Edge account.

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B, and class C shares), mutual funds can also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount thresholds or is enrolled in an eligible fee-based investment advisory program. Institutional share classes usually have a lower expense ratio than other share classes. Cadaret Grant and its IARs have a financial incentive to recommend or select share classes that have higher expense ratios because such share classes generally result in higher compensation. Cadaret Grant has taken steps to minimize this conflict of interest, including by providing its IARs with training and guidance on this issue, as well as by conducting periodic reviews of client holdings in mutual fund investments to ensure the appropriateness of mutual fund share class selections and whether alternative mutual fund share class selections are available that might be more appropriate given the client's particularized investment objectives and any other appropriate considerations relevant to mutual fund share class selection. Regardless of such considerations, Cadaret Grant clients should not assume that they will be invested in the share class with the lowest possible expense ratio.

The appropriateness of a particular mutual fund share class selection is dependent upon a range of different considerations, including but not limited to: the asset-based advisory fee that is charged, whether transaction charges are applied to the purchase or sale of mutual funds, the overall cost structure of the advisory program, operational considerations associated with accessing or offering particular share classes (including the presence of selling agreements with the mutual fund sponsors and Cadaret Grant's ability to access particular share classes through the custodian), share class eligibility requirements; and the availability of revenue sharing, distribution fees, shareholder servicing fees or other compensation associated with offering a particular class of shares. Please contact your advisor for more information about share class eligibility.

Further information regarding fees and charges assessed by a mutual fund is available in the appropriate mutual fund prospectus.

Certain fee amounts and arrangements are negotiable and Cadaret Grant can, in its sole discretion, waive any fee, whether on an ongoing or a one-

time basis. Cadaret Grant can also allow for the aggregation of assets from “related accounts” for purposes of determining the amount of assets under management and, thus, the applicable advisory fee paid by a client. Cadaret Grant reserves the right to determine whether accounts are “related” for purposes of the forgoing aggregation exception.

The agreement can be terminated for any reason by any party effective upon receipt of written notice of such termination by the parties. Client will be entitled to a prorated refund of any unearned, pre-paid quarterly account fees based upon the number of days remaining in the quarter after the termination date. Upon termination, the client will have immediate access to account assets, subject to any limitations or restrictions imposed by the custodian.

For complete fee details please see the Cadaret Grant Wrap Fee Program Brochure.

#### D. Retirement Services Program- Investment Advisory Services

The maximum annual asset fee charged will be 2.20%. Fees are billed in advance of each calendar quarter based on the value of the account on the last business day of the ending quarter, and if applicable, an administrative fee can be charged. The IAR has the discretion to discount fees.

Management fees are separate and distinct from other fees that might apply, including transaction fees, underlying mutual fund fees and expenses paid to the fund by shareholders of the fund as outlined in each fund’s prospectus, and custodian fees. The IAR does not participate in administrative fees.

The agreement can be terminated for any reason by any party effective upon receipt of written notice of such termination by the parties. Client will be entitled to a prorated refund of any unearned, pre-paid account fees based upon the number of days remaining in the quarter after the termination date. Upon termination, the client will have immediate access to account assets, subject to any limitations or restrictions imposed by the custodian.

#### E. Retirement Services Program- Fee Based Retirement Plan Services

Fees are billed at the individual IAR’s specific rate schedule. Fees are negotiable. The plan sponsor can elect to have fees payable based on an hourly rate, quarterly flat fee, quarterly fee per participant, annual flat fee, annual fee per participant, or on a quarterly basis as a percentage of plan assets. The IAR cannot charge a fee in an amount more than \$500 and six months or more in advance. Plan sponsors and plan participants are under no obligation to implement securities recommendations through the IAR. The maximum annual asset fee charged will be 2.20%. Fees are generally billed in arrears of each calendar quarter based on the value of the account on the last business day of the ending quarter, and if applicable, administrative fees are also billed in arrears. Fees can be billed in advance if agreed upon by IAR



and plan sponsor. If a client pays fees in advance and the advisory contract is terminated prior to delivery of services, the client should contact his/her IAR, who will in turn contact Cadaret Grant. Hourly fees are generally payable from the plan sponsor upon receipt of an invoice for services provided. IARs have the discretion to discount fees. Advisory fees are separate and distinct from other fees that might apply, including transaction fees, underlying mutual fund fees and expenses paid to the fund by shareholders of the fund as outlined in each fund's prospectus, and custodian fees. The IAR does not participate in administrative fees. The agreement can be terminated for any reason by any party effective upon receipt of written notice of such termination by the parties. Client will be entitled to a prorated refund of any unearned, pre-paid account fees based upon the number of days remaining in the quarter after the termination date. Upon termination, the client will have immediate access to account assets, subject to any limitations or restrictions imposed by the custodian.

## F. Consulting Services Program

Fees are billed at the individual IAR specific rate schedule. Fees are negotiable. Fees can be charged on an hourly, flat, or fixed-fee basis, as well as in arrears or in advance, as determined under the Consulting Services Agreement. If a client pays fees in advance and the advisory contract is terminated prior to delivery of services, the client should contact his/her IAR, who will in turn contact Cadaret Grant. The IAR cannot charge a consulting fee to the client in an amount more than \$500 and six months or more in advance. The maximum fee for Comprehensive Financial Planning services is \$10,000. The maximum fee for Comprehensive Consultation services is \$250 per hour. The maximum fee for an Assessment Consultation is \$250. Cadaret Grant reserves the right to negotiate the maximum fee for these services.

The agreement can be terminated for any reason by any party effective upon receipt of written notice of such termination by the parties. Client will be entitled to a prorated refund of any unearned, pre-paid account fees based upon the number of days remaining in the quarter after the termination date. Upon termination, the client will have immediate access to account assets, subject to any limitations or restrictions imposed by the custodian.

## G. Third Party Investment Advisor Programs

Under such agreements, compensation is generally provided to Cadaret Grant and the IAR in exchange for introducing clients to the TPIA. Compensation can also be in exchange for the initial and continuing education and information that Cadaret Grant and the IAR provide regarding the TPIA program selected. Compensation is usually a fixed percentage of the fees charged by the non-affiliated TPIA to the clients introduced by Cadaret Grant or the IAR. The fees paid by the client are based on assets under management. Additional fees for other services provided by the TPIA,

such as custody and transaction fees, can be charged by the TPIA. Specific information about the services provided and the fees associated with the services is contained in the TPIA's Form ADV Part 2 or similar disclosure brochure and client agreement. The client should carefully review the TPIA's Form ADV Part 2, or equivalent brochure, to fully understand all services to be provided, as well as the fees and expenses that will be associated with those services, to determine (1) if compensation is payable before a service is provided; (2) when compensation is payable; (3) how a client can get a refund; (4) what conflicts of interest exist with respect to client's participation in the program; (5) how a client can terminate an advisory contract before its expiration date; and (6) if fees are negotiable.

TPIAs can impose a minimum dollar value of assets or other conditions for starting or maintaining accounts. Minimum account sizes are determined by the third-party advisor, not Cadaret Grant. Clients should refer to the TPIA's Form ADV Part 2, or equivalent brochure, for more information.

Clients should refer to each applicable TPIA's Form ADV Part 2 or similar disclosure brochure and client agreement for specific information about the services provided and fees associated with the services.

## H. Capital Strategy Group, Ltd.

Investors participating in managed and wrap fee account programs for which Capital Strategy Group, Ltd. provides portfolio management services should refer to *CSG's Form ADV Part 2* for specific information about the services provided and fees associated with the services.

## I. Other Forms of Compensation

Third-Party Investment Advisors: Cadaret Grant receives compensation from certain unaffiliated Third-Party Investments Advisors to assist in paying for ongoing marketing and sales support activities including, but not limited to, training, educational meetings, due diligence reviews, and day-to-day marketing and/or promotional activities. Not all Third-Party Advisors pay such compensation. Participating Third Party Advisors can change over time. Current participating Third-Party Advisors are:

AssetMark	FTJ/Orion
Beacon Capital Management	Horizon
Beaumont Capital Management	Meeder
Blue Print	Morningstar Managed Portfolios
Brinker Capital	SEI
BTS Management	Symmetry
Clark Capital	W.E. Donoghue

The compensation arrangements vary and are generally structured as a fixed dollar amount or as a stated percentage not exceeding 0.05% of sales and 0.03% on assets with the advisor.

A conflict of interest exists where Cadaret Grant receives such compensation because there is an incentive to recommend these Third-Party Advisors over other investment opportunities in order to generate additional revenue for the firm. However, our Investment Advisor Representatives are not required to recommend any Third-Party Advisor providing additional compensation, nor do they directly share in any of this compensation.

With respect to the AssetMark Program, a third-party investment advisor program, the IAR is entitled to receive a quarterly and/or one-time reimbursement from AssetMark, Inc., for qualified marketing and/or business development expenses incurred by the IAR. Payment/reimbursement of expenses is not contingent upon sales targets or contests, but rather on total assets managed on the AssetMark platform. This creates conflicts of interest as it provides an incentive to recommend AssetMark over third party investment advisor programs that do not offer such reimbursement and to offer advisory services to you that are not suitable in an effort to reach client asset thresholds. The amount of such reimbursement is based on the total assets invested at the end of each calendar quarter in the AssetMark Program.

Alternative Investment Participating Sponsors: In addition to receiving commissions, Cadaret Grant receives a fixed fee and/or payments of up to 1.00% of sales on customer assets invested in alternative investment products, including real estate investment trusts (REITs), business development companies (BDCs) and other closed-end '40 Act funds. This compensation is not shared with Investment Representatives. The following alternative investment sponsors participate in Cadaret Grant's Partners Program:

- CIM f/k/a Cole Capital
- Griffin Capital
- Hines Securities

This list is subject to change. Certain Partners only pay Marketing and Education Support.

Unit Investment Trusts (UITs): Cadaret Grant receives additional volume compensation based on total assets purchased from UIT sponsors over a given period of time as disclosed in the Unit Investment Trust's prospectus. Certain UIT sponsors can compensate Cadaret Grant for training and education seminars for Cadaret Grant financial professionals, Investment Representatives, clients and potential clients. This includes due diligence meetings, recreational activities or other non-cash items. Also, marketing representatives of UIT sponsors, often referred to as "wholesalers", work with

Investment Representatives to promote their UITs. The volume concession rate does not exceed 0.035% per year. The following is a list of UIT companies that participate in Cadaret Grant's Partners Program:

- First Trust

This list is subject to change. Certain Partners only pay Marketing and Education Support. We are able to receive volume concessions from other UIT companies when certain sales hurdles are met.

Certain product sponsors can also pay Cadaret, Grant due diligence fees which are retained by Cadaret, Grant and not paid to IARs. IARs can receive marketing allowances or expense reimbursements from certain product sponsors paid from the product sponsor's own resources and not from client funds or assets. These arrangements do not impact the fees charged to clients by Cadaret, Grant, IARs or the product sponsors.

### **Conflicts of Interest**

Cadaret Grant and IARs who are also financial professionals of Cadaret Grant accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. This practice presents a conflict of interest and gives Cadaret Grant and its IARs an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Cadaret Grant has adopted a standard of conduct under its Code of Ethics which emphasizes putting the client's interest first and avoiding any conflicts of interest, by only making recommendations that are reasonably believed to be in the best interest of the client. Conflicts are disclosed to clients through required disclosures such as this document. Clients always have the option to purchase and obtain recommended investment products and services through other brokers, agents, advisors, product sponsors, TPIAs and service providers not associated with or offered through Cadaret Grant.

### **J. Disclosure to ERISA Plans**

Cadaret Grant has disclosed in this brochure conflicts of interest, such as receiving additional compensation from third parties for providing marketing and other services in connection with certain products. Cadaret Grant has also developed policies designed to prevent prohibited transaction rules under the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. For example, review the sub-section titled *Fee Based Retirement Plan Services (Retirement Consulting)* of the *Advisory Business* section which explains Cadaret Grant's policy regarding the affiliated businesses of IARs. Additionally, it is Cadaret Grant's policy not to influence any IAR's advice or management of assets based on any compensation that Cadaret Grant or the IAR might receive from third parties.

For the sake of clarity, if the custodian of the plan's account is Pershing, Cadaret Grant receives 12b-1 fees from certain mutual funds in which the account can invest. These 12b-1 fees paid to Cadaret Grant will be credited to the plan's account monthly or quarterly (depending on the mutual fund). Further details regarding the amount of these fees is found in the prospectuses of the mutual funds in which the account invests.

The ERISA plan sponsor is responsible for ensuring Cadaret Grant and IAR have been furnished complete copies of all documents that establish and govern the plan and evidencing client's authority to retain Cadaret Grant as an investment advisor. Clients must promptly furnish to Cadaret Grant any amendments to the plan and if any amendment affects the rights or obligations of Cadaret Grant, such amendment shall be binding on Cadaret Grant and IAR only when agreed to by Cadaret Grant and IAR in writing.

Clients must maintain appropriate ERISA bonding coverage for their managed account(s) and must include within the coverage of the bond Cadaret Grant, IAR and their personnel as required by law.

Cadaret Grant prohibits IARs from providing advice to or managing assets for ERISA clients if conflicts of interest exist that Cadaret Grant believes are prohibited by ERISA.

ERISA accounts: If client is subject to Title I of ERISA (such as a corporate pension or 401(k) plan), client has separately read and signed the form entitled "*Supplement to The Investment Management System (TIMS) Client Agreement, A Guide to Services and Compensation for Retirement Plan Accounts.*"

The disclosures required by the Department of Labor's 408(b)(2) regulation will be provided in one of, or a combination of the following documents: amended and re-executed agreements designed to encompass the required disclosures; contract addendums; separate written disclosures; disclosures provided by third parties such as TPIAs. These disclosures address items such as services, fees, payment notification, manner of payment, indirect compensation, and compensation to affiliates, related enterprises and subcontractors.

### **III. Performance-Based Fees and Side-by-Side Management**

(Not applicable)

### **IV. Types of Clients**

The types of clients to whom Cadaret Grant generally provides investment advice include: Individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

Minimum account size information is found in the sections of this brochure titled Advisory Business and Fees and Compensation.

## **V. Methods of Analysis, Investment Strategies and Risk of Loss**

IARs are responsible for determining and implementing investment advice under the supervision of Cadaret Grant. The IAR performs various techniques in analyzing investments for advisory clients which can include, but are not limited to, charting, fundamental analysis, technical analysis, cyclical analysis, and dollar cost averaging. The client is advised that there is no guarantee, stated or implied, that the client's investment goals, or objectives will be achieved. Investing in securities involves risk of loss that clients should be prepared to bear. As a result of this inherent risk, Cadaret Grant and its IARs cannot represent, guarantee or even imply that our services and methods of analysis accurately forecast future returns, accurately identify market highs and lows, or protect investors from investment losses as a result of economic downturns and market corrections.

All methods of analysis and investment strategies involve some material risks, including the risk of loss. Some of the material risks involved in charting and technical analysis includes the potential for a lack of consideration given to the intrinsic value of specific investments. Technical analysis and charting focus primarily on economic factors and market conditions, which can overlook variables specific to a particular investment. Conversely, fundamental analysis generally focuses on more specific variables, such as a public companies financials, sales, earnings, debt, management, and assets. As a result, fundamental analysis includes the risk of not taking into consideration the overall state of the economy and markets. Cyclical analysis is also subject to material risks, which include uncertainty over how long cycles will last, when they will peak and when they will reach a bottom.

While much less common and not recommended to most clients, some IARs provide short term trading as an investment strategy, or as part of, an investment strategy. In general, short term trading is a strategy that often involves more frequent trading where the IAR will try to identify the best times to be in and out of the market. This service is designed to take advantage of stock market fluctuations by being invested based on the anticipated market direction. Clients should be aware that this strategy is considered an aggressive, higher-risk investment strategy. Only clients that are looking for a speculative investment strategy should participate in a short-term trading strategy offered by an IAR.

The majority of investment recommendations made by IARs through Cadaret Grant's advisory services programs involve the use of mutual funds. Investing in mutual funds involves material risks, including the risk of loss. One material risk is the cost of sales charges, annual fees and other expenses impairing fund performance. Another risk is the potential for tax implications as a result of income and capital gains distributions. Investors can pay taxes on these distributions even if the fund went on to perform poorly after shares were purchased. Lack of control is also a risk that investors encounter. Investors and IARs typically cannot ascertain the exact

make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades. Another risk is price uncertainty. Mutual fund investors face this risk because the price at which shares are purchased and sold is based on the fund's net asset value, which sometimes is not calculated until many hours after the transaction has already been processed. Clients should read a fund's prospectus and shareholder reports to learn about its investment strategy and its risks. For additional information on investing in mutual funds, we recommend reviewing the SEC's *Invest Wisely, An Introduction to Mutual Funds*, which is found at the following Website:

[www.sec.gov/investor/pubs/inwsmf.htm#pitfalls](http://www.sec.gov/investor/pubs/inwsmf.htm#pitfalls)

Some of the common risks you should consider prior to investing include, but are not limited to:

**Market risks:** The prices of, and the income generated by, the common stocks, bonds, and other securities you own can decline in response to certain events taking place around the world, including those directly involving the issuers; conditions affecting the general economy; overall market changes; local, regional, or global political, social, or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate, and commodity price fluctuations.

**Company risks:** When investing in stock positions, there is always a certain level of company- or industry-specific risk that is inherent in each investment. This is also referred to as unsystematic risk and may be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company can be reduced.

**Options risks:** Options on securities can be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

**Interest rate risks:** The prices of, and the income generated by, most debt and equity securities can be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. For example, the prices of debt securities generally will decline when interest rates rise and will increase when interest rates fall. In addition, falling interest rates can cause an issuer to redeem, "call," or refinance a security before its stated maturity date, which can result in having to reinvest the proceeds in lower-yielding securities.

**Credit risks:** Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.

**Foreign market risks:** Investments in securities issued by entities based outside the United States can be subject to the risks described above to a greater extent. Investments can also be affected by currency controls; different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices; expropriation (occurs when governments take away a private business from its owners); changes in tax policy; greater market volatility; different securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. These risks can be heightened in connection with investments in developing countries. Investments in securities issued by entities domiciled in the United States can also be subject to many of these risks.

Your investments are not bank deposits and are not insured or guaranteed by the FDIC or any other governmental agency, entity, or person, unless otherwise noted and explicitly disclosed as such, and as such can lose value.

## VI. Disciplinary Information

### A. Allegations

In 2010, it was alleged that Cadaret Grant failed to provide eligible clients with appropriate discounts on both Unit Investment Trust (UIT) rollover and breakpoint purchases. The firm failed to identify, and appropriately apply, sales charge discounts in approximately 4.4% of the transactions reviewed in a sample of client purchases in certain top selling UITs. As a result, the firm overcharged certain clients. Upon discovery that the firm had been incorrectly interpreting the applicability of certain sales charge discounts, the firm conducted an analysis of all UIT transactions for a specific period of time. As a result of its review, the firm identified that clients were overcharged when purchasing UITs through the firm and remediated those clients as established by its Acceptance, Waiver and Consent. The firm failed to establish an effective supervisory system and written supervisory procedures reasonably designed to ensure that discounts were correctly applied on eligible UIT purchases. The firm did not have written policies and procedures that addressed UITs or informed registered representatives, trading personnel, or supervisors about the sales charge discounts associated with UITs. The firm relied on its trading desk to ensure that clients purchasing UITs received appropriate sales charge discounts, despite the fact that the firm failed to adequately train and inform trading personnel and their supervisors about such discounts. The firm had no supervisory review to determine whether trading personnel were providing clients with appropriate sales charge discounts, either through periodic review or exception reports. The firm was unaware that its UIT trading desk had been misinterpreting certain rollover provisions described in UIT prospectuses. The trading desk only provided



firm clients with a sales charge discount when proceeds from the termination of an existing UIT investment were invested in a new UIT. The trading desk did not consider or apply a sales charge discount to UIT purchases funded with the proceeds from UIT redemptions, a discount these transactions were entitled to from the sponsors of most UITs sold by the firm. Additionally, the trading desk was unaware that some UITs offered breakpoints beginning at the \$25,000 investment level. The firm did not consider client UIT purchases at \$25,000 to be eligible for a volume discount. The firm did not provide adequate guidelines, instructions, policies, or steps for brokers, trading personnel, or supervisors to follow to determine if a client's UIT purchase qualified for and received a sales charge discount. The firm needed to be diligent in providing guidance to brokers, supervisors and trading personnel on UIT sales charge discounts to ensure that clients did not pay more than the appropriate sales charge. The firm sold UITs that imposed a deferred sales charge. This deferred sales charge was generally charged upon redemption, if a client sold a UIT before the deferred sales charges were imposed. In those UIT confirmations not issued directly by the UIT sponsor, the firm failed to ensure that clients' UIT purchase confirmation included the required legend, as set forth in NASD Rule 283(N), that "on selling your shares, you may pay a sales charge. For the charge and other fees, see the prospectus."

## B. Sanctions

Without admitting or denying the findings, the firm consented to sanctions and findings. The firm was censured, fined \$125,000, and agreed to complete the following undertaking: Provide remediation to clients who purchased UITs and qualified for, but did not receive, the applicable sales charge discount. The firm submitted a proposed plan of how it identified and compensated clients who qualified for, but did not receive, the applicable UIT sales charge discount. At a minimum, the plan included the following provisions: the firm reviewed all client UIT purchases effected during the relevant period, regardless of dollar amount, to determine whether a client qualified for a breakpoint, rollover, or exchange discount; when determining a client's eligibility for a sales charge discount, the firm aggregated same-day purchases by a client, including related accounts, and UIT redemptions and terminations by a client within 30 days of a UIT purchase; and for each client who did not receive an appropriate sales charge discount of a UIT purchase, the firm determined the excess sales charge paid by the clients and calculated monies owed, plus interest calculated from the date of the purchase through the date that the overcharge is returned to the client at a rate set forth in section 6621(A)(2) of the Internal Revenue Code. FINRA reviewed the plan submitted by the firm and accepted it. The firm completed the remediation process within the 180 days from the notice date. Within 210 days of the notice date, the firm submitted to FINRA a schedule of all clients identified during the firm's review as having not received an appropriate sales charge discount. The schedule included details of the qualifying purchases and the appropriate discount and total dollar amounts of restitution provided

to each client. In addition, within 210 days of the notice date, the firm submitted to FINRA a report that explained how the firm corrected its UIT systems procedures, and the results of the firm's implementation of its plan to identify and compensate qualifying clients, including the amounts and manner of all restitution paid. For good cause shown, and upon receipt of a timely request from the firm, FINRA can extend any of the procedural dates listed above.

### C. Allegations

State of Vermont Department of Banking, Insurance, Securities & Health Care Administration alleges that Cadaret Grant and a former office of supervisory jurisdiction ("OSJ") failed to supervise reasonably a former registered representative and that the registered representative committed a violation of the Vermont Uniform Securities Act.

### D. Sanctions

This action has been disposed of as of June 17, 2011. The matter was disposed of by an administrative consent order between the regulator and Cadaret Grant under which Cadaret Grant neither admitted nor denied the findings of fact. The regulator's findings included facts stating that a former registered representative of the Cadaret Grant failed to collect suitability information regarding certain variable annuity products and failed to use appropriate letterhead and e-mail address on her correspondence. In addition, the office of supervisory jurisdiction ("OSJ") responsible for this agent was found by the regulator to have failed to adequately supervise the agent. The regulator further found that no persons were harmed by the agent's actions, Cadaret Grant terminated its affiliation with the agent and the OSJ, Cadaret Grant has amended its supervisory procedures, Cadaret Grant had no record of discipline with the regulator in over thirty (30) years of doing business in that state and Cadaret Grant cooperated fully with the regulator.

### E. Allegations

FINRA found that Cadaret Grant violated securities exchange act rule 17a-4, FINRA rule 2010, NASD rules 2110, 2310, 2821(b), 2821 (c), 2821(d), 3010, 3110. FINRA found that Cadaret Grant, acting through one of its registered representatives recommended several variable annuity transactions to some elderly clients that were unsuitable due to a recommended enhanced death benefit rider that the representative did not have a reasonable basis to believe that the clients needed or would benefit from. FINRA found that Cadaret Grant failed to adequately respond to red flags concerning the representative's variable annuity sales. FINRA found that Cadaret Grant failed to have adequate systems and procedures to review variable annuity sales. FINRA also found that Cadaret Grant failed to enforce its policies and failed to retain business emails for some of its representatives.

## F. Sanctions

Cadaret Grant was censured and fined \$200,000 and agreed, within 90 days of the acceptance, waiver and consent, to provide written notice to each of the living clients offering to rescind the purchase of each of the variable annuities by offering to rebate to each of the affected living clients the purchase price of his or her original investment, interest and any applicable surrender charge (except to the extent such surrender charges already have been paid by the firm), less the amount of any income received on or withdrawals from the variable annuities. In order to accept the offer of rescission, the client will be required to surrender the annuity pursuant to a surrender form, which will direct the carrier to send the proceeds to the firm. In the event that any living client has already surrendered the variable annuity, Cadaret Grant shall offer that client reimbursement of the surrender charges conditioned on Cadaret Grant being provided satisfactory proof that the annuity was surrendered and surrender charges were incurred. Cadaret Grant further consents to undertake a comprehensive review of its policies and procedures concerning suitability of variable annuities and, within 90 days of notice of acceptance, the director of compliance must certify in writing to FINRA that (1) the firm has engaged in a comprehensive review of its policies and procedure concerning the suitability of variable annuities; and (2) as of the date of the certification, the firm has in place sufficient written policies and procedures designed to ensure compliance with its suitability obligation pertaining to variable annuities.

## G. Allegations

In 2015, FINRA found that Cadaret Grant, as a broker/dealer, failed to establish and maintain a supervisory system reasonable designed to supervise variable annuity surrenders recommended or processed by the firm's registered representatives where the surrenders were not part of an exchange or replacement done through the firm.

## H. Sanctions

FINRA found the firm in violation of NASD rule 3010 and FINRA rules 3110, 2010 and 4511. Without admitting or denying the allegation the firm agreed to a censure and fine of \$75,000 and to make restitution in the amount of \$236,242 plus interest.

## I. Allegations

In 2015 the firm concluded an examination by the U.S. Department of Labor (DOL). As a result of the examination the DOL required Cadaret Grant, as a registered investment advisor, to amend disclosure language in the firm's investment advisory agreements and disclosure documents with regard the

firm's receipt of 12b-1 fees for certain mutual funds held in accounts of ERISA retirement plans. The affected accounts were held at Pershing LLC in the firm's TIMS I and TIMS II program.

## J. Sanctions

The DOL required Cadaret Grant to refund 12b-1 fees received for ERISA plan retirement account during the period July 2006 through July 2012 totaling \$271,036.32.

## K. Allegations

On August 1, 2017, Cadaret Grant consented to the entry of an Order Instituting Administrative and Cease-and-Desist Proceedings ("Order") by the U.S. Securities and Exchange Commission (the "SEC"). The Order focuses on aspects of our fee-based advisory business during the period of 2011 to 2016 as it pertains to mutual fund share class selection and our policy concerning the refund of prepaid advisory fees.

In summary, the SEC found that Cadaret Grant invested advisory clients in mutual fund share classes with 12b-1 fees where lower-fee share classes of the same mutual funds were available without 12b-1 fees. Similarly, the SEC found that Cadaret Grant received marketing support payments from two mutual fund complexes when Cadaret Grant invested its advisory clients in mutual fund share classes that charged 12b-1 fees, but would not pay such fees when Cadaret Grant invested them in lower-fee share classes that did not charge such fees. The SEC found that the financial incentives for Cadaret Grant to place advisory clients in higher fee share classes presented conflicts of interest that should have been disclosed to clients and that the practice of investing clients in mutual fund share classes with 12b-1 fees rather than lower-fee share classes without 12b-1 fees was inconsistent with Cadaret Grant's duty to seek best execution. The SEC also concluded that Cadaret Grant failed to adopt written compliance policies or procedures governing mutual fund share class selection. Finally, the SEC concluded that Cadaret Grant failed to refund prepaid advisory fees to clients who terminated their relationship with the Firm before Cadaret Grant earned all of the prepaid fees.

## L. Sanctions

Without admitting or denying the SEC's findings, Cadaret Grant agreed to a censure and to cease and desist from committing or causing any violations and any future violations of Sections 206(2), 206(4) and 207 of the Investment Advisers Act of 1940 and Rule 206(4)-7 thereunder. Cadaret Grant agreed to pay disgorgement of \$2,591,000, prejudgment interest of \$177,000, and a civil penalty of \$280,000, with the total amount of \$3,048,000 to be distributed to the applicable past and present advisory clients affected by the conduct highlighted in the Order.

To address the issues presented in the Order, the Firm has implemented new policies and procedures relating to mutual fund share class selection designed to expand the number of lower cost share classes available to advisory clients, provide additional training on share class selection, move its existing advisory clients into lower cost share classes that do not charge 12b-1 fees, prohibit its Investment Advisory Representatives (“IARs”) from prospectively investing advisory clients in mutual fund share classes that charge 12b-1 fees, and, to the extent that advisory clients are invested in mutual fund share classes that charge 12b-1 fees on a going forward basis, require the rebate of all 12b-1 fees to such clients. Cadaret Grant has also enhanced its Form ADV disclosures. In addition, the Firm has enhanced its policies and procedures to ensure that all advisory clients are provided with a prorated refund of any unearned, pre-paid quarterly account fees based upon the number of days remaining in the calendar quarter after the account termination date.

## M. Allegations

In September 2018, FINRA found that Cadaret Grant as a broker/dealer failed to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with securities laws, regulations, and pertinent rules. From August 2012 through May 2017, Cadaret Grant failed to establish such a reasonably designed supervisory system with respect to numerous areas of its business. FINRA further noted that the Firm’s supervisory deficiencies stemmed from its failure to devote sufficient resources to the supervision of the Firm’s personnel.

FINRA specifically noted a failure to implement a system reasonably designed to:

- Detect unsuitable securities recommendations;
- Supervise variable annuity recommendations & exchanges;
- Supervise consolidated reports;
- Retain emails.

FINRA found the firm in violation of NASD Rule 3010 and FINRA Rules 3110 and 2010.

FINRA found that Cadaret Grant, did not employ enough supervising principals. The firm also per FINRA, did not provide supervising principals with sufficient tools or exception reports designed to identify patterns of potentially unsuitable trading. FINRA additionally alleged that trade volume made it impossible for supervising principals to manually review trade blotters to detect potentially unsuitable transactions. As a result, the firm was also cited by FINRA for failing to review the majority of the firm’s transactions. FINRA also cited the firm for having an insufficient number of compliance examiners to fulfill the supervisory procedures requiring periodic branch office

inspections. As a result, FINRA alleged that the branch inspections were conducted in a manner not reasonably designed to identify violative activity.

FINRA noted the firm also allowed representatives until July 2016 to prepare and issue consolidated reports using programs and applications of their own choosing. FINRA noted that this former practice could allow a representative to manually enter a customer's securities positions and values on the report without the appropriate level of supervision. During the period of August 2012 through August 2016, FINRA noted that the firm failed to take steps to retain and review emails of 70 registered representatives who disclosed to the firm that they used personal email addresses during the period for Firm business.

## N. Sanctions

FINRA found the firm in violation of NASD Rule 3010, 3110, 4511 and 2010. FINRA also cited a violation of Section 17(a) of the Exchange Act and Rule 17a-4.

The Firm consented to a censure, a fine of \$800,000 and the requirement to retain an independent consultant within 30 days of the AWC to conduct a review of the adequacy of the Firm's policies, systems and procedures, staffing and training related to the violations. Within the 90 days after delivery of the consultant's report and recommendations are received, Cadaret Grant shall in writing, advise the Independent Consultant and FINRA staff of any recommendations that it considers unnecessary, unduly burdensome or impractical. Cadaret Grant can propose an alternative policy, procedure or system designed to achieve the same objective or purpose.

## O. Allegations

On September 11, 2018, the Securities and Exchange Commission ("Commission") instituted cease & desist proceedings against Cadaret Grant, two of the firm's supervisory officers ("supervisory respondents") and against a specific registered representative. The Commission proceedings arose out of the failure by Cadaret Grant and the supervisory respondents to reasonably supervise Cadaret Grant's registered representatives with respect to their recommendations that customers buy and hold leveraged and inverse exchange traded funds and exchange traded notes between January 2015 and December 2016. During the time frame noted, certain Cadaret Grant registered representatives recommended that customers buy and hold a security called VelocityShares 3X Long Crude Oil ETN ("UTWI"), which is a complex exchange traded note ("ETN") that offered exposure to an index comprised of crude oil futures contracts and provides triple leverage. During the same time frame, Cadaret Grant's policies stated that registered representatives generally should not recommend non-traditional ETPs like UWTI for long or intermediate investment periods and that representatives should receive training and complete other requirements before recommending non-traditional ETPs to customers.

## P. Sanctions

The Securities Exchange Commission initiated a Civil and Administrative Penalty/fine against Cadaret Grant, the supervisory respondents, and a specific registered representative for willfully violating Section 206(4) and Rule 206(4)-7 under the Advisers Act. The Commission noted that as of January 2015, Cadaret Grant and the supervisory respondents failed to:

- Establish and implement a reasonable supervisory system for determining whether representatives had a reasonable basis for recommending that investors buy and hold non-traditional ETPs;
- Provide adequate training to representatives concerning non-traditional ETPs so that they could form a reasonable basis for recommendations; and,
- Implement Cadaret, Grant's specific policies and procedures pertaining to representatives' recommendations to brokerage customers involving non-traditional ETPs and devote adequate resources to supervising representatives.
- Adopt and implement policies and procedures designed to prevent unsuitable sales of non-traditional ETPs by investment advisory representatives to investment advisory clients in light of their investment objectives and financial condition.

The supervisory respondents accepted the Commission's undertaking which included fines of \$100,000 and \$75,000 respectively, and a 12-month suspension from acting in any supervisory capacity until 9/11/2019. The Cadaret, Grant representative was also censured and fined \$250,000.

## Q. Allegations

On June 28, 2019, Cadaret Grant addressed a letter to the Pennsylvania Department of Banking and Securities ("Department") disclosing the results of a recent internal review that discovered that one or more of its registered representatives did not carry the required investment advisory registration in the State of Pennsylvania. The letter requested a waiver from the Series 65/66 examination requirements for these representatives.

## R. Sanctions

Consistent with our internal review, the Department concluded that Cadaret Grant was in violation of the Pennsylvania Securities Act of 1972 and imposed a fine of \$90,000. The Firm has since enhanced its processes and procedures to mitigate the risk of future lapses. In addition, the Department granted a waiver from the examination requirements for the representatives in issue.

## VII. Other Financial Industry Activities

The principal business of Cadaret Grant is providing a full line of services as a FINRA member securities broker/dealer. In its capacity as a broker/dealer, Cadaret Grant is involved in the sale of securities of various types, including stocks, bonds, mutual funds, limited partnerships, unit trusts, and variable annuities. Sales of securities products are carried out by independent contractor financial professionals who maintain registration and/or licenses through Cadaret Grant. Please refer to the sub-section of this document titled *Conflicts of Interest* found under the section titled *Fees and Compensation* for information on conflicts of interest and how they are addressed.

Capital Strategy Group, Ltd. (CSG) is affiliated with Cadaret Grant and is registered as an investment advisor with the Securities and Exchange Commission due to its affiliation with Cadaret Grant. CSG acts as a sub-advisor and portfolio manager for Cadaret Grant's Advisor's Edge program. The principals of CSG can also be financial professionals and principals of Cadaret Grant. In one or more of these roles, they can share in brokerage commissions paid in connection with investment transactions which are recommended by CSG in its capacity as advisor. Capital Strategy Group's Investment Committee can hold advisory accounts with Cadaret Grant. Please refer to the sub-sections of this document titled *Capital Strategy Group, Ltd* and *Advisor's Edge* found under the sections titled *Advisory Business* and *Fees and Compensation* for information on the terms and conditions of the services offered and fees charged under these programs.

IARs who refer clients to Capital Strategy Group , Ltd. or Cadaret Grant's Advisor's Edge program receive compensation from these programs that create a material conflict of interest because IARs have an incentive to recommend these programs based on the compensation received, rather than on a client's needs. Please refer to the *Conflicts of Interest* sub-section under the section titled *Fees and Compensation* for more information on how Cadaret Grant addresses conflicts of interest.

Cadaret Grant Agency, Inc. (CG Agency), a licensed insurance agency, is under common ownership with Cadaret Grant. IARs can be licensed life insurance agents with CG Agency and can sell insurance products to advisory clients. As a result, the IAR, in his/her capacity as a licensed life agent, can assist clients in implementing insurance recommendations offered to advisory clients. In this event, IARs, in their separate capacities as licensed insurance agents, will receive separate and typical commission compensation for insurance and/or annuity sales. Cadaret Grant and the IAR receive additional compensation in the form of commissions and fees that are separate and distinct from the fees paid for advisory services. A conflict of interest arises between the client's interest and the interest of the IAR in executing transaction through Cadaret Grant. The client is not obligated to implement the IAR's recommendations by executing transactions through Cadaret Grant. Please refer to the *Conflicts of Interest* sub-section under the section titled *Fees and Compensation* for more information on how Cadaret Grant addresses conflicts of interest.



Cadaret Grant and IARs recommend and select other investment advisers for clients and receive compensation from those advisors through Cadaret Grant's Third-Party Investment Advisor Program. This creates a material conflict of interest because IARs have an incentive to recommend these programs based on the compensation received, rather than on a client's needs. Please refer to the *Conflicts of Interest* subsection under the section titled *Fees and Compensation* for more information on how Cadaret Grant addresses conflicts of interest.

## **VIII. Code of Ethics, Participation or Interests in Client Transactions and Personal Trading**

Cadaret Grant has adopted a Code of Ethics and Personal Securities Trading Policy to comply with SEC Rule 204A-1. The following is a summary of the main components of this policy:

- ▲ Requirement that employees comply with all state and federal securities laws and regulations.
- ▲ Adoption of standards of conduct which emphasizes putting the client's interest first and avoiding any conflicts of interest.
- ▲ Protection of the client's personal non-public confidential information.
- ▲ Prohibition against the use of material non-public information (insider trading).
- ▲ Reporting of personal securities transactions for all "access persons".
- ▲ Requirement to report any violation of these policies to senior management.
- ▲ Imposition of sanctions for violations of these policies.

A complete copy of our Code of Ethics can be obtained by writing or calling Cadaret Grant's Advisory Services Department, at 110 W. Fayette St. Syracuse, NY 13202 or toll free at 800.288.8601.

Cadaret Grant is aware of the risks of a conflict in interest when Investment Advisor Representatives trade securities in their own accounts that they also recommend to clients or trade on behalf of clients. Conflicts arise when IARs have the ability to take advantage of investment opportunities that could have been made for clients or when they use their knowledge of pending client transactions to front-run such transactions. To address these risks, Cadaret Grant's Code of Ethics includes reporting requirements that allow Cadaret Grant access to review and monitor IARs personal trading activity. IARs must also refrain from executing a personal trade of the same general security as that of an advisory client, either for themselves or for a member of their household, on the same day as that of an advisory client's trade unless the client receives the better price or both trades are completed as a block trade and average pricing is applied (excluding open-end mutual funds and general obligations of the United States). Transactions that are deemed inconsistent with this policy are subject to cancellation or correction at the IAR's expense.

## IX. Brokerage Practices

Cadaret Grant is also registered as a broker/dealer with the SEC and provides various services as a broker/dealer for which it will be compensated by a commission.

Cadaret Grant's IARs can recommend to their advisory clients that they use Cadaret Grant broker/dealer services, in which case services are offered at the same cost as to non-advisory clients. However, if an Advisory Services client maintains a brokerage account with Cadaret Grant, in its capacity of a broker/dealer, they can incur a higher transaction cost in the form of commissions or ticket charges than if their accounts were held elsewhere. Cadaret Grant can enter into solicitation agreements with various investment advisors that offer one or more services to their clients and expects to be compensated directly from the investment advisors to whom they have introduced clients. In this brochure, Cadaret Grant has disclosed it has such agreements in place, and the manner in which compensation is received. However, in some instances Cadaret Grant, in its capacity as a broker/dealer, receives compensation in the form of commissions should an investment advisor place transactions through the broker/dealer.

Except as provisioned in any wrap fee program, the brokerage commissions and/or transaction fees charged by Pershing, LLC, or any other designated broker/dealer are exclusive of (and in addition to) Cadaret Grant's fee.

Cadaret Grant and/or its IARs can recommend other broker/dealers to Advisory Services clients. Some factors that Cadaret Grant considers prior to recommending other broker/dealers include their financial strength, reputation, execution, pricing, and service. Currently Cadaret Grant and its IARs recommend Charles Schwab & Co., Inc. (Schwab) and Pershing, LLC (Pershing), registered broker/dealers and SIPC members, to maintain custody of client's assets and to effect trades for their advisory client's accounts.

Pershing, LLC also acts as Cadaret Grant & Co., Inc. clearing broker. Cadaret Grant is independently owned and operated and is not affiliated with Schwab or Pershing. The commissions and/or transaction fees charged by Pershing or Schwab can be higher or lower than those charged by other broker/dealers. The commissions paid by Cadaret Grant's clients will comply with Cadaret Grant's duty to obtain "best execution." However, a client can pay a commission that is higher than another qualified broker/dealer might charge to effect the same transaction where Cadaret Grant determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker/dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while Cadaret Grant and/or its IARs will seek competitive rates, they can not necessarily obtain the lowest possible commission rates for client transactions.

Schwab and Pershing provide Cadaret Grant and/or its IARs with access to institutional trading, portfolio management, brokerage and custodial services, research, and access to mutual funds and other investments that are otherwise generally available only for institutional investors or would require a higher minimum initial investment.

Schwab and Pershing, LLC do not charge a separate fee for custody of Cadaret Grant's client accounts that they maintain but are compensated by the account holders through commissions or other transaction-related fees for security trades that are executed through them or settle into their accounts.

Cadaret Grant receives other products and services from Schwab or Pershing, LLC that benefits Cadaret Grant, but not client accounts. Some of these other products and services assist Cadaret Grant in managing and administering client accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), facilitate payment of Cadaret Grant's fees from its client's accounts, and assist with back office functions, record keeping and client reporting. These services can be used to service all or a substantial number of client accounts, including accounts not maintained at Pershing, LLC or Schwab Institutional.

Cadaret Grant also receives services from Schwab or Pershing, LLC that are intended to help Cadaret Grant manage and further develop its business. These services include information technology, regulatory compliance, and marketing. In addition, Schwab or Pershing, LLC makes available, arranges and/or pay for these types of services rendered to Cadaret Grant by independent third parties. Schwab Institutional or Pershing can discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of the third party providing these services to Cadaret Grant.

As a fiduciary, Cadaret Grant endeavors to act in the best interest of its clients, and Cadaret Grant's or its IARs can make recommendations that clients maintain their assets in accounts at Schwab, Pershing, LLC, or another qualified custodian. These recommendations can be based in part on the benefits to applicant, such as the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by the custodian, which creates a conflict of interest.

Clients of Cadaret Grant must be aware that if they direct Cadaret Grant or its IARs to use a particular broker that it can limit Cadaret Grant or its IARs the ability to achieve best execution, negotiate commissions with other brokers on behalf of the client, or limit the client's participation in block trading.

Some IARs combine (but are not obligated to) or "batch" orders to obtain the best execution and to equitably allocate among their clients the difference in price that might have been obtained had such orders been placed independently. Account allocations must be determined prior to execution of any aggregate purchases or sales. Purchases and sales that are not aggregated when the opportunity exists

should be placed in an order that does not give preferential treatment to one client over another. Examples include random, alphabetical or account number sequential order. When purchases and sales are not aggregated when the opportunity exists, the potential costs to clients are generally price related. For instance, some clients can receive worse prices than others based on the timing or size of their orders as compared to other clients. Generally larger orders and round lot orders (100 shares of stocks or 5 bonds) receive better execution than smaller orders.

## **X. Review of Accounts**

In order to fulfill its obligation to supervise IARs, Cadaret Grant has established compliance policies and procedures concerning IARs management of client accounts. Cadaret Grant provides IARs with investment guidelines and restrictions and periodically reviews client trading, as described below to ensure compliance the Advisor's guidance and policies. Cadaret Grant can exercise investment discretion over IARs' recommendations when such recommendations are inconsistent with the Advisor's guidelines and policies.

For clients receiving investment advisory services from Cadaret Grant, the IAR and/or Cadaret Grant generally conduct reviews of accounts, at a minimum, on a quarterly basis. Financials plans are generally reviewed based on the arrangement between the IAR and client. IARs who have entered into an ongoing planning arrangement with a client generally review plans either on an annual basis or as changes to the client's financial circumstances occur. Clients are informed that if their investment objectives or financial condition change during the course of their investment program they should notify their IAR or Cadaret Grant. This notification will trigger an account review. The IAR can introduce advisory clients to money managers or other investment advisory firms. These sponsors provide reporting, monitoring and review services as described in their respective contracts with the client.

Within TIMS, Cadaret Grant provides IARs and their clients with quarterly reports detailing performance, activity in the account, and account holdings. Within this program, the custodian of the client's account will provide written confirmation of buy and sell activity, as well as a statement (at least quarterly) detailing all account activity and positions owned. At a minimum, all clients receiving investment supervisory services will receive a monthly and/or quarterly appraisal and an activity report provided by Cadaret Grant, custodian and/or other investment advisory firm. These reports do not include written commentary about the client's account.

## **XI. Client Referrals and Other Compensation**

### **Third-Party Fee Disclosure**

Cadaret Grant & Co., Inc. ("Cadaret Grant") receives compensation and/or fees (also referred to as revenue sharing or marketing support) from certain mutual fund families, insurance (fixed and variable product) providers, exchange traded fund

(ETF) and alternative investment (real estate investment trust (REITs), business development companies (BCDs), etc.) sponsors, and unaffiliated investment advisers that sponsor, manage and/or promote the sale of certain products that are available to our customers. These payments include commissions, trailing commissions, fees, and for certain product providers, revenue sharing payments made in connection with programs that support our marketing and sales force education and training efforts (referred to here as “Partners Program”). These relationships bring additional compensation to Cadaret Grant, which is used to offset a variety of expenses, including marketing, training, educational presentations and other support. This additional compensation creates a conflict of interest as it influences the selection of investments and services Cadaret Grant and/or our Investment Advisor Representatives offer or recommend to investors. This disclosure is intended to provide you with an overview of the various types of compensation and fees Cadaret Grant receives. We encourage you to review this information in the entirety and contact us with any questions.

### Revenue Sharing

Cadaret Grant earns fees when we invest your account or recommend that you invest in certain mutual funds (including money market funds) and ETFs. These fees are called “revenue sharing.” Mutual fund and ETF sponsors and third-party money managers pay these fees to Cadaret Grant in what we call the Partners Program. Partners pay Cadaret Grant different amounts of revenue sharing and receive different levels of benefits for their payments. We do not share revenue sharing fees with our IARs. An IAR’s compensation is the same regardless of whether a sale involves a Partners Program product or service. In some cases, Partners pay additional marketing payments to Cadaret Grant to cover fees to attend conferences or reimburse expenses for workshops or seminars. The payments made under the Partners Program are calculated based either on gross sales or assets under management, or on a flat fee arrangement, and vary by Partner. The benefits Partners receive include IAR access and contact lists, business metrics, preferred placement on our website, participation in product training initiatives and marketing and sales campaigns, and the ability to participate in our conferences.

We use the revenue from our Partners to support certain marketing, training and educational initiatives including our annual National Education Conference. The conference provides a venue to communicate new products and services to our financial professionals and IARs, to offer training to them and their support staff, and to keep them abreast of regulatory requirements. The revenue is also used to pay for annual awards (in the form of a trophy, medal, or plaque) for our financial professionals and IARs who generate the most revenue overall and to pay for our general marketing expenses. Revenue from Partners helps to pay for the top producer conference costs. Top producing Cadaret Grant financial professionals and IARs receive an award based on total sales, including sales of Partner’s mutual funds and ETFs.

We prepare and make available to our IARs a quarterly list of Partners Program mutual funds and ETFs that have been screened for investment performance

against other Partners Program funds with similar objectives and asset classes (the “Select Fund List” or “List”). Cadaret Grant and our IARs have a conflict of interest when an IAR chooses or recommends an investment from the Select Fund List for your portfolio because Cadaret Grant receives revenue sharing fees from the mutual fund or ETF sponsor. Our receipt of revenue sharing fees influences our selection of mutual funds and ETFs, as our IRAs are likely to recommend a fund or ETF whose sponsor pays us revenue sharing fees over a fund or ETF whose sponsor does not pay us.

You do not pay more to purchase funds from the List through Cadaret Grant than you would pay to purchase these funds through another broker-dealer, and your IAR does not receive additional compensation for selecting a fund from the List. IARs are not required to choose or recommend investments from the Select Fund List.

To see Cadaret Grant’s Third-Party Fee Disclosure, which identifies the participants in the Partners Program, please visit the Customer Disclosure section of our website at [www.cadaretgrant.com](http://www.cadaretgrant.com).

### **Mutual Fund and ETF Partners**

In addition to receiving sales commissions and other types of compensation, Cadaret Grant receives a flat fee, asset-based and/or sales-based compensation from mutual fund and ETF Partners. Such payments vary by Partner. Cadaret Grant receives payments from certain mutual fund Partners of up to 0.20% annually on sales and up to 0.0032% on assets. A list of mutual fund sponsors that participate in Cadaret Grant’s Partners Program is found at [cadaretgrant.com/disclosures](http://cadaretgrant.com/disclosures). This list is subject to change. Certain Partners only pay Marketing and Education Support.

### **Variable Annuity, Fixed Annuity, and Indexed Annuity Participating Sponsors**

In addition to receiving commissions, Cadaret Grant receives flat fee and/or sales-based compensation from certain variable annuity, fixed annuity, and indexed annuity Partners. Cadaret Grant receives compensation on an annual basis of up to 0.25% on variable and up to 0.75% on fixed and indexed annuity sales. A list of mutual fund sponsors that participate in Cadaret Grant’s Partners Program is found at [cadaretgrant.com/disclosures](http://cadaretgrant.com/disclosures). This list is subject to change. Certain Partners only pay Marketing and Education Support.

Marketing fees, service fees, including shareholder service fees, or bonus commissions to Cadaret Grant and IARs of Cadaret Grant for marketing assistance or the performance of certain administrative tasks associated with making an investment in such fund or annuity received by Cadaret Grant will not be credited against the fees otherwise payable by the client to Cadaret Grant. Some employees of Cadaret Grant and IARs, who are also financial professionals of Cadaret Grant, can receive 12b-1 distribution fees from mutual funds in which they have placed clients’ funds outside of the TIMS program. These persons can also receive standard and ordinary commission on sales of insurance products.

## Fixed Income and Structured Products

Cadaret Grant receives commissions, sales credit, or a markup or markdown on the sales of bonds and retail structured products such as certificates of deposits, constant maturity swaps (CMS), and CMS-linked notes.

## Other Compensation

Some Cadaret Grant financial professionals and IARs receive additional compensation from product sponsors however; such compensation is not tied to the sales of any products. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives, including services for identifying prospects. Product sponsors sometimes also pay for or reimburse Cadaret Grant for the costs associated with education or training events that are attended by Cadaret Grant advisors and for Cadaret Grant-sponsored conferences and events. Cadaret Grant also receives reimbursement from product sponsors for technology-related costs associated with investment proposal tools they make available to our Cadaret Grant financial professionals and IARs for use with customers.

## Pershing Clearing Relationship

Pershing, LLC (“Pershing”) is the clearing firm for Cadaret Grant’s brokerage business and is a custodian for its accounts. As a result of this business relationship, Pershing shares with Cadaret Grant a portion of certain commissions and fees customers pay to Pershing. Cadaret Grant does not share any revenue received from Pershing for investment advisory accounts with its IARs.

When Pershing is the custodian of your account, it automatically moves (sweeps) the cash in your account into money market funds and/or FDIC insured bank deposit accounts. You and your IAR select the money market fund or bank deposit account. Pershing retains some of the interest paid on the bank deposit account, or shareholder servicing fees paid on the money market fund and pays a portion of that to Cadaret Grant. These payments are called “distribution assistance” and they vary based on the bank deposit account or money market fund you select. Cadaret Grant does not determine the interest rates paid on bank deposit accounts or shareholder servicing fees paid on money market funds, or the amount or percentage of distribution payments that we receive. When interest rates are low, or in the event of a regulatory change, Pershing reserves the right to reduce or discontinue its distribution assistance payments to Cadaret Grant.

Our receipt of distribution assistance payments creates a conflict of interest because Cadaret Grant has an incentive to recommend or make available money market funds and FDIC insured bank deposit accounts with higher distribution assistance payments over those with lower distribution payments. We mitigate this conflict through disclosure in this Brochure. We do not share distribution assistance payments with IARs.

Cadaret Grant offers the Reich & Tang Liquid Insured Deposit Program through Pershing, LLC (“Pershing”). The Reich & Tang Liquid Insured Deposit Program is a bank deposit “sweep” program that can provide daily interest income and FDIC insurance on balances up to \$2.5 million.

Cadaret Grant receives compensation from Pershing equal to a percentage of the average daily deposit balance. For additional information, please see the applicable disclosure booklet available from your Investment Advisor Representative. This compensation is retained by Cadaret Grant and is not shared with Investment Advisor Representatives.

The program provides FDIC insurance and payment rates based on the interest rate environment as well as based on total account balance. For accounts not interested in FDIC insurance, cash balances are invested in a money market fund. The money market mutual fund automatic cash sweep program sweeps uninvested cash daily into taxable or tax-exempt money market funds offered by Federated Investors. For brokerage accounts in custody with Pershing, Cadaret Grant receives a portion of the revenue Pershing receives from uninvested customer cash balances automatically moved (swept) into the Federated Investors money market funds and FDIC insured bank deposit products up to 0.60% of the value of cash balances. In a low interest rate environment, or in the event of a regulatory change, Pershing reserves the right to reduce or waive all or a portion of these revenues. Cadaret Grant’s receipt of revenues associated with cash sweep vehicles creates a conflict of interest because Cadaret Grant has an incentive to make available or to recommend money market funds and FDIC insured bank deposit products that provide this additional compensation over other cash sweep options that do not make such payments. Cadaret Grant does not share cash sweep revenues with Investment Advisor Representatives.

Pershing also pays fees to Cadaret Grant, or shares fees it earns with Cadaret Grant for the following items:

- For brokerage accounts in custody with Pershing, a portion of the revenue Pershing receives from uninvested customer cash balances in brokerage accounts automatically moved (swept) into money market funds and FDIC insured bank deposit products of up to 0.60% of the value of cash balances. These payments vary based on the bank deposit account or money market fund a client selects;
- Transition assistance in the form of reimbursement of IRA termination fees of up to \$165 per account for a retirement account transferred to Pershing and up to \$125 per retail account for retail accounts transferred to Pershing;
- A growth assistance credit for seven years to support, service, and grow brokerage assets on the Pershing platform;
- A portion of certain brokerage account services and custodial fees charged to customer accounts that exceeds the amount that Cadaret Grant is required to pay Pershing for such services, including account transfer fees, IRA custodial



- and termination fees, paper confirm and statement fees, inactive (custodial) account fees, retirement account maintenance fees, and margin interest; and
- A portion of shareholder servicing fees from certain mutual fund sponsors as part of their FundVest® FOCUS NTF (No Transaction Fee) program. We also receive other fees in connection with the FundVest FOCUS NTF program, as described below.

In the FundVest FOCUS NTF program, Cadaret Grant is eligible to receive through a contractual agreement, 100% of Rule 12b-1 fees, and for participating funds that do not pay Rule 12b-1 fees, up to 50% of FundVest service fees for FundVest assets over a threshold amount that are held in the aggregate in client's brokerage and advisory accounts. We credit all Rule 12b-1 fees we receive to a client's advisory accounts. Our receipt of a portion of the FundVest funds' service fees creates a conflict of interest because we have an incentive to invest your assets or to recommend that you purchase or hold these mutual funds that pay fees to Cadaret Grant over other funds that do not pay these fees. We mitigate this conflict through disclosure in this Brochure. Cadaret Grant does not share these fees with IARs.

Pershing receives shareholder servicing fees from certain mutual fund sponsors as part of their FundVest FOCUS NTF (No Transaction Fee) program, shares a portion of these fees with Cadaret Grant and does not charge Cadaret Grant a ticket charge. Cadaret Grant Investment Representatives do not receive any part of this revenue.

Most FundVest funds have higher internal expenses than funds that are not in the FundVest program, and the share classes of funds in the program have higher internal expenses than share classes not in the program. The higher internal expenses will reduce the long-term performance of an account when compared to an account that holds lower-cost share classes of the same fund. Clients should ask whether lower-cost share classes are available and/or appropriate for their account considering their expected investment holding periods, amounts invested, and anticipated trading frequency. FundVest funds held less than six months are also subject to a short-term redemption fee of \$50 which will be charged to your account. Further information regarding mutual fund fees is available in the applicable mutual fund prospectus. For a list of funds participating in the FundVest program, please contact us using the contact information provided on the cover of this Brochure. Pershing, in its sole discretion, may add or remove mutual funds from the FundVest program or may terminate the FundVest program without prior notice.

Pershing charges brokerage fees including account transfer fees, IRA custodial and termination fees, paper confirm statement fees, and inactive (custodial) account fees. Portions of these fees are shared with Cadaret Grant. IARs do not receive any part of this revenue.

Additional Pershing fees that are shared with Cadaret Grant include but is are limited to the following: retirement maintenance fees, margin fees, inactive accounts fees, and recruiting fees.

Investment Advisor Representatives of Cadaret Grant are not paid a higher percentage rate for selling mutual funds or recommending money market funds that are included in such service agreements over other mutual funds or money market funds which are not.

Information regarding an investment company's fees and expenses is found in the specific mutual fund's prospectus.

You are able to enroll in Pershing's fully paid Securities Lending program, which enable qualified investors to lend fully paid-for securities to Pershing. Pershing earns revenue from lending these securities and a portion of that revenue is shared with you, Cadaret Grant and your IAR. If you elect to participate in this program, your IAR will receive compensation from Pershing. The receipt of this extra compensation creates a conflict in certain advisor programs in which your IAR acts as the portfolio manager. The conflict surrounds whether this extra compensation would cause your IAR to hold a security in your account that would otherwise been liquidated but not for receipt of additional compensation. This conflict is mitigated by our requirement that investment decisions made by your IAR must be in your best interests, as well as the fact that if an account holds these positions, your IAR's compensation will increase nominally, but the security will also generate income for your account. Not all accounts or clients qualify for this program.

You can also participate in Pershing's LoanAdvance™ program which is a securities-based line-of-credit that can be used for most personal, consumer or business needs. In LoanAdvance, you pledge eligible securities in your advisory account as collateral to secure a non-purpose loan. You are charged a rate in interest that is a floating rate not to exceed 3 percentage points above the Prime Rate as published in The Wall Street Journal. The amount by which the interest rate is marked up over the negotiated Cadaret Grant Base Rate, if any, is shared by Pershing with Cadaret Grant and your IAR. This results in additional compensation in connection with your advisory account. Trading is permissible in the advisory account that is pledged for the loan; however, the collateral must meet Pershing's LoanAdvance maintenance requirement to support the loan. For financing needs of \$1 million or more, you can also participate in the BNY Mellon/Pershing Investment Credit Line Program ("ICL"). With an ICL, you can obtain a line-of credit secured by qualifying marketable securities and liquid assets in your advisory account in custody at Pershing for the following potential uses: business acquisition, start up or expansion; cash flow or working capital; estate planning and charitable strategies, home improvement, letters of credit, luxury purchases, medical, education, child care, elder care and other family obligations, real estate investments and tax obligations. An ICL may not be used to purchase or carry securities or fund an investment account. While an ICL can be a cost-effective alternative to liquidating appreciated or low cost basis assets to meet a liquidity need, you should be aware that Cadaret Grant and your IAR have an incentive to recommend an ICL in lieu of liquidating assets in your account since we will continue to earn an advisory fee on the collateral so long as the assets remain in your account.

## Schwab Clearing Relationship

Cadaret Grant may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor'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. Cadaret Grant is independently owned and operated and not affiliated with Schwab. Schwab provides Cadaret Grant with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Cadaret Grant client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transactions-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to Cadaret Grant other products and services that benefit Cadaret Grant but may not benefit its clients' accounts. These benefits may include national, regional or Cadaret Grant specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Cadaret Grant by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Cadaret Grant in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Cadaret Grant's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Cadaret Grant's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to Cadaret Grant other services intended to help Cadaret Grant manage and further develop its business enterprise. These services may include professional compliance, legal and

business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to Cadaret Grant by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Cadaret Grant. While, as a fiduciary, Cadaret Grant endeavors to act in its clients' best interests, Cadaret Grant's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Cadaret Grant of the availability of some of the foregoing products and service and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### **Solicitor Arrangements**

If a client is introduced to Cadaret Grant by an unaffiliated solicitor, Cadaret Grant can 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 will be paid solely from Cadaret Grant's advisory fee and will not result in any additional charge to the client. The solicitor, at the time of the solicitation, will disclose the nature of his/her/its solicitor relationship, and provide each prospective client with a copy of Cadaret Grant's Part II of Form ADV, including this brochure, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Cadaret Grant and the solicitor, including the compensation to be received by the solicitor from Cadaret Grant.

## **XII. Custody**

At a minimum, all clients with an account receiving investment supervisory services will receive a monthly and/or quarterly statement from the qualified custodian (Pershing, LLC or Schwab for TIMS and Advisor's Edge accounts), detailing activity in the account, and account holdings. Clients should carefully review those statements. Clients of Cadaret Grant's TIMS program also receive quarterly reports directly from Cadaret Grant detailing performance, activity in the account, and account holdings. Clients are urged to compare the account statements they receive from the qualified custodian with the reports they receive from Cadaret Grant.

## **XIII. Investment Discretion**

IARs who use the TIMS program can provide discretionary account management services where discretion is limited to trading authority. Discretion is granted to IAR when the advisory client signs the TIMS Client Agreement. Once discretion has been granted, the IAR manages the client's account and determines what securities to hold, sell, exchange, and invest and otherwise deal with the account's assets in a manner the IAR determines to be for the client's best interest without obtaining the

client's consent prior to each transaction. Only IARs of the TIMS II program will have discretionary authorization to execute any general securities (stocks, bonds, options) transactions. The IAR 's discretion will remain in effect until the TIMS Client Agreement is terminated according to the terms of the TIMS Client Agreement.

#### **XIV. Voting Client Securities**

Except as noted in the following sentence, the Client understands and agrees that the Client retains the right to vote all proxies, which are solicited for securities held in the Account and that none of Cadaret Grant, IAR, or Investnet shall have the authority to vote proxies or act thereon for the Client. If Client has selected the Contour SMA or Contour UMA Program, the Client hereby authorizes Investnet to receive and vote proxies on the Client's behalf, unless otherwise directed by the Client separately in writing. For all other Programs, Client understands that proxies will be mailed directly to the Client from the Custodian or its agents.

#### **XV. Financial Condition**

Cadaret Grant has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.