



# BENJAMIN F. EDWARDS<sup>®</sup>

## INVESTMENTS *for* GENERATIONS<sup>®</sup>

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## Form ADV Part 2A

### Item 1 - Firm Brochure

*March 28, 2024*

*This firm brochure provides information about the qualifications and investment advisory business practices of Benjamin F. Edwards & Co. If you have any questions about the contents of this brochure, please contact us at (855) 382-1600 or [ADV@benjaminfedwards.com](mailto:ADV@benjaminfedwards.com).*

*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 Benjamin F. Edwards & Co. also is available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).*

*Please note that references to BFE as being "registered" is not intended to reflect that the Firm or its representatives have special skills or training; it is used only to reflect the status of the Firm with respect to Section 203 of the Investment Advisers Act of 1940.*

## Item 2 - Material Changes to Benjamin F. Edwards & Co.'s Firm Brochure

The following updates to Benjamin F. Edwards & Company's ("BFE") Firm Brochure disclosure document were made since our required annual update, which occurred on March 28, 2024:

### March 28, 2024

BFE revised language in the section titled "Compensation Associated with Internal Product Expenses", which focuses on BFE's mutual fund share class selection process. While the material dynamics of this process have not changed, BFE encourages clients to review this section, along with the entirety of BFE's Wrap Fee Program Disclosure document, so that informed decisions can be made about participation in BFE's advisory programs. BFE does not deem the update to be material in nature.

### November 20, 2023

BFE now offers proxy voting services to clients in certain advisory strategies. More information can be found in *Item 17 - Voting Client Securities*. Existing clients were provided advance notice, a timeframe to consider the updates, and an avenue to opt out of the proxy voting services.

### June 30, 2023

BFE has added a new strategy to its Discretionary Investment Advisory Program titled Benjamin F. Edwards Tax Transition Strategies. The strategy details and associated costs are outlined in *Item 4 – Advisory Business*. BFE does not consider this update to be material in nature.

### March 31, 2023

Effective April 1, 2023, BFE has consolidated its legacy Investment advisory programs. BFE now offers investment advisory services through the following wrap fee based advisory programs:

- Benjamin F. Edwards Discretionary Investment Advisory Program
- Benjamin F. Edwards Non-Discretionary Investment Advisory Program

BFE will continue to support clients who enrolled in BFE's legacy advisory programs prior to April 1, 2023 in accordance with the program features and fees described in this brochure. Legacy BFE clients' original Investment Advisory Agreements remain in full effect. Additional information on BFE's current and legacy investment advisory programs can be found in *Item 4 –Advisory Business*.

BFE is updating the methodology for calculating investment advisory fees. Clients enrolled in these programs will continue to be charged in accordance with the fee schedules and negotiated rates outlined in the Investment Advisory Agreements they executed. While the respective fee schedules and rates are not changing, the methodology BFE uses to calculate the annual fee will change.

A client's quarterly fees will still be charged in advance of the advisory services rendered but will be calculated based on the average daily balance of the account from the previous quarter (rather than the quarter-end snapshot). Existing clients who executed Investment Advisory Agreements prior to April 1, 2023 were charged quarterly in advance and the fee was calculated using the closing account balance on the last business day of the prior quarter. In addition to updating the methodology for calculating investment advisory fees, BFE is implementing an annual minimum fee of \$125 for all investment advisory accounts. These changes apply to all BFE investment advisory accounts and are effective July 1, 2023. More information can be found in *Item 4 - Fees and Compensation* in the section titled "Client Fee Processing in Advisory Wrap Accounts". Clients with related questions or concerns should contact their financial advisor.

**BFE updated its practices related to prospectus delivery of investment company securities for all clients in discretionary advisory programs. Beginning July 1, 2023, clients enrolled in any of BFE’s discretionary advisory programs will cease receiving investment company prospectuses. Clients have the option to continue to receive these prospectuses and can do so by contacting their financial advisor. More information can be found in *Item 13 – Review of Accounts* in the section titled “*Investment Company Prospectus Delivery*”.**

**BFE also added information about referral arrangements BFE enters into with other unaffiliated investment advisory firms, including the associated conflicts of interest. Additional information on this can be found in *Item 14 - Client Referrals and Other Compensation*.**

A complete copy of Benjamin F. Edwards & Co.’s most recent [ADV Part 2A Firm Brochure](#) is available on our website at [benjaminfedwards.com](http://benjaminfedwards.com). To access this document online, click on “[Important Disclosures](#)” at the bottom of the page, and then select “[Investment Advisory Program Disclosures](#)”. Alternatively, clients may obtain a complimentary copy by contacting their financial advisor, calling BFE’s home office at (855) 382-1600 or requesting one by email at [ADV@benjaminfedwards.com](mailto:ADV@benjaminfedwards.com). Additional information about Benjamin F. Edwards & Co. is available on the SEC’s website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

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Section headings are keyed to SEC form ADV 2A. If particular sections of the form are not applicable, this document will so state.

## Item 4 - Advisory Business

Benjamin F. Edwards & Company (“BFE” or the “Firm”) is a registered investment adviser and a broker-dealer. BFE became registered as a broker-dealer in March of 2009 and, until May 2010, conducted its investment advisory business through an affiliate, BFE Asset Management, LLC. In May 2010, all investment advisory operations and programs of BFE Asset Management transitioned to BFE, which at that time had become registered as an investment adviser subject to the jurisdiction of the Securities and Exchange Commission (“SEC”).

In addition to being a registered investment adviser, BFE is engaged in a variety of investment-related business activities. BFE is registered as a broker-dealer and its management persons are registered representatives of the broker-dealer. In addition, BFE is also a member of the National Futures Association as an Independent Introducing Broker (IIB) and some of its management personnel are associated persons of the IIB. BFE is also licensed as an insurance agency and sells a wide variety of insurance products.

BFE also operates an equity and fixed income trading desk. Transactions facilitated by the trading desk that involve investment advisory clients will generally only be done on an agency basis. In limited circumstances, BFE is permitted to engage in transactions involving an investment advisory account on a principal basis; however, any such transaction would require the client’s prior express consent. Transactions facilitated by the trading desk that involve brokerage clients may be done on an agency, principal or “riskless principal” basis. BFE also provides “mergers and acquisition” (M&A) advice to businesses. Such advice is not typically provided as part of the Firm’s investment advisory services and would typically involve separately negotiated compensation.

BFE’s principal owner is its holding company, Benjamin Edwards, Inc. (“BEI”), which owns 100% of BFE. In August 2018, BEI started a separate related registered investment advisor firm, Benjamin F. Edwards Wealth Management, which is also an investment adviser registered with the SEC.

BFE’s primary advisory service involves investment programs that bundle or “wrap” services (investment advice, reporting trade execution, custody, etc.) together and charge a fee based on the value of assets under management. Additionally, BFE offers Financial Planning, Retirement Plan Consulting, Investment Management Consulting, and Plan Participant Advisory Services. These programs are outlined in further detail below.

BFE retains a portion of advisory fees paid, including wrap fees, as compensation for its services; the remainder is used to compensate third parties, such as Pershing LLC (“Pershing”), BNY Mellon Advisors, Inc. (“BNY Mellon Advisors”), and third-party asset managers or model providers for services they provide.

As of December 31, 2023, BFE has \$8,277,983,829 managed on a discretionary basis and \$4,880,430,675 managed on a non-discretionary basis.

### ***Investment Advisory Accounts and Transaction-Based Brokerage Accounts***

When a client chooses to purchase products and services through BFE and work with a BFE financial advisor, the client has the option of investing through a transaction-based account, such as a brokerage account, a fee-based investment advisory program, or both. It is important for clients to understand the services they will receive, the fees, costs, and expenses they will pay, and BFE and the BFE financial advisors’ conflicts of interest in connection with different account and relationship types.

**Broker-Dealer Relationship** – In a brokerage account, the relationship between the client and the financial advisor is centered on transactions. Therefore, a client pays a separate commission for each transaction that covers the cost of executing the transaction, and certain related services and incidental advice. For example, if a client desires that a financial advisor make recommendations in connection with a brokerage account, the financial advisor will document, usually at account opening, certain suitability characteristics based on questions contained in the Firm’s General Account Agreement. Based on that information, the financial advisor, from time to time, provides incidental recommendations or advice. Transaction commissions also compensate the Firm for some non-transaction-related

services such as delivery of account statements, prospectuses, and proxy mailings (where applicable); and, if desired, custody services for securities owned by the client. Additional detail about BFE's brokerage services, fees and conflicts can be found in the Firm's "[Regulation Best Interest Disclosure](#)", located at [benjaminfedwards.com](http://benjaminfedwards.com) under "[Important Disclosures](#)".

**Investment Adviser Relationship** – In an investment advisory account on the other hand, the relationship between the client and the financial advisor is centered on advice. Therefore, in a wrap-fee based advisory account, a client pays a fee based on the value of assets in the account, which compensates the Firm for more comprehensive initial client assessment, ongoing investment advice, ongoing monitoring of the account, the cost of any transactions that may occur, and for certain responsibilities and risks that BFE assumes in connection with being a statutory fiduciary that is subject to a different regulatory scheme.

In addition, BFE will serve as a fiduciary as defined by the Department of Labor for certain qualified retirement accounts.

### ***Wrap Programs***

On April 1, 2023, Benjamin F. Edwards & Company ("BFE" or the "Firm") consolidated its legacy investment advisory programs. As a result of the consolidation, BFE now offers investment advisory services through the following wrap fee based advisory programs:

- Benjamin F. Edwards Discretionary Investment Advisory Program
- Benjamin F. Edwards Non-Discretionary Investment Advisory Program

BFE will continue to support clients who enrolled in BFE's legacy advisory programs prior to April 1, 2023 ("legacy clients") in accordance with the respective program features and fees described in this section. Prior to April 1, 2023, BFE offered investment advisory services through the wrap fee based advisory programs listed below ("legacy programs"). BFE's legacy programs also represent current strategies offered by asset managers that include BFE, BFE financial advisors and third-party asset managers under BFE's new consolidated Discretionary and Non-Discretionary Investment Advisory Programs.

- Benjamin F. Edwards Mutual Fund Portfolios
- Benjamin F. Edwards Mutual Fund Model Strategies
- Benjamin F. Edwards Active Passive Portfolios
- Benjamin F. Edwards Exchange Traded Fund Portfolios
- Benjamin F. Edwards Equity Portfolios
- Benjamin F. Edwards Private Portfolios
- Benjamin F. Edwards Separately Managed Portfolios
- Benjamin F. Edwards Unified Managed Account
- Benjamin F. Edwards Tax Transition Strategies
- Investment Management Consulting (with Execution)\*
- Benjamin F. Edwards Client Portfolios
- Benjamin F. Edwards Custom Mutual Fund Portfolios
- BNY Mellon Target Risk Portfolios (formerly Lockwood Asset Allocation Portfolios)

### ***Services and Fees***

As described more in this disclosure brochure, BFE offers strategies in its discretionary investment advisory program and legacy programs that involve the use of third-party asset managers. Under the same regulations that require BFE to deliver this disclosure brochure to our clients, third-party asset managers also must produce and distribute disclosure brochures to BFE clients when applicable. Delivery of the third-party asset manager's disclosure brochures is handled initially and ongoing by BFE or a designated third-party. Clients may inquire through BFE or their financial

advisor if they would like a copy of the third-party manager's disclosure brochure. BFE will work on a best-efforts basis to obtain the disclosure brochure to provide to our clients.

Services provided as part of the wrap fee include:

- Access to a BFE advisor for personal service and financial advice
- Review of suitability based on information provided in advisory agreement, General Account Agreement, and client interview\*
- Portfolio management services\*
- Delivery of account statements
- Performance reporting\*
- Fee billing\*
- Execution of transactions
- Custody and clearance of securities\*
- Administration of requests for reasonable restrictions on the management of accounts

*\* These services may or may not be provided in the Investment Management Consulting (with Execution) program depending on the services negotiated and agreed upon. Please see the "Investment Management Consulting (with Execution)" section for further detail.*

Additional services may be provided based on the advisory program selected. In addition, some of the services above will vary in situations where any assets are held with the issuer or a custodian other than Pershing, as described further below.

### **Benjamin F. Edwards Current Investment Advisory Wrap Programs**

Benjamin F. Edwards offers a Discretionary Investment Advisory Program and a Non-discretionary Investment Advisory Program. The degree and nature of investment discretion clients grant with respect to their accounts will vary according to the investment advisory program chosen. Additional detail on both programs, including fees and additional services, are as follows.

#### **Discretionary Investment Advisory Program**

The Benjamin F. Edwards Discretionary Investment Advisory Program is an advisory program where portfolio management services are provided to the client on a discretionary basis for a wrap fee based on the value of the account. As a discretionary account, the financial advisor is not required to contact the client prior to each transaction or investment decision. Clients grant full discretionary trading authority for their selected strategy within the Discretionary Investment Advisory Program. Clients also grant full discretion to BFE and the financial advisor to change the manager and strategy on the account without further client approval.

BFE offers several strategies within the Discretionary Investment Advisory Program. Strategies are offered by BFE, BFE financial advisors, and third-party asset managers. Clients work with their financial advisor to identify a strategy that is appropriate based on the client's investment profile and objectives. The financial advisor will monitor the account to ensure the strategy remains appropriate.

Within the Discretionary Investment Advisory Program, BFE is authorized to implement the selected strategy on a discretionary basis, either through BFE or BFE's third-party service providers, or through another registered investment adviser or broker-dealer, including for purposes of funding the client's participation in the advisory program, for the ongoing management of the account, and placement and execution of transactions.

#### **Benjamin F. Edwards Non-Discretionary Investment Advisory Program**

The Benjamin F. Edwards Non-Discretionary Investment Advisory Program is an advisory program where portfolio management services are provided to the client on a non-discretionary basis for a wrap fee based on the value of the account. As a non-discretionary account, the client retains final decision-making authority with

respect to opening and closing transactions. BFE can convert mutual funds into equivalent ETFs when the option exists with the issuer, is a tax-free event, and is deemed to be an appropriate option for the client. The financial advisor and client will work together to identify an appropriate investment strategy. The financial advisor will monitor the account to ensure it remains consistent with the strategy and make recommendations as needed.

### **Benjamin F. Edwards Discretionary Investment Advisory Strategies**

BFE's current investment advisory strategies also include some of our legacy investment advisory programs. BFE will continue to support clients who opened accounts prior to April 1, 2023 in accordance with the terms outlined in their original Investment Advisory Agreement, which remains in full effect.

The following represents BFE's current discretionary strategies offered by asset managers that include BFE, BFE financial advisors and third-party asset managers. Characteristics and additional services for BFE's investment advisory strategies are as follows:

#### **Benjamin F. Edwards Mutual Fund Portfolios**

Benjamin F. Edwards Mutual Fund Portfolios is a discretionary advisory strategy in which the portfolios are comprised of mutual funds and/or exchange traded funds ("ETFs"). Traditionally, this strategy has invested solely in mutual funds; however, with the evolution of ETFs, it is possible that an ETF will be utilized in this strategy if deemed to be an appropriate vehicle to be used for economic or investment reasons. The asset allocation models include a variety of asset types that, together, offer appropriate style diversification (i.e., diversification among large, mid and small-cap funds, as well as value vs. growth strategies, as well as models with exposure to alternative investments) to accommodate each investment objective. Additionally, models containing only alternative investments are available. Clients will work with their financial advisor to determine the asset allocation model most appropriate for their needs. The models developed and used by BFE are strategic (but not static) in nature, consistent with a 7-to-10-year investment horizon. They are reviewed on an ongoing basis and a full asset allocation study is conducted at least annually. Adjustments to the asset class weightings (equity vs. fixed income) are expected to be relatively minimal while the allocations by sub-category (international vs. domestic or large cap vs. small cap) could happen more frequently as part of the annual review. The models are designed to provide the investor with broad style diversification. Where appropriate, multiple funds are selected for a style to provide additional diversification.

#### *Additional Services:*

- BFE shall invest, reinvest, sell or retain assets in its sole discretion for this account
- Ongoing monitoring, due diligence, and research on the mutual funds and ETFs offered in the Benjamin F. Edwards Mutual Fund Portfolios
- Maintenance and trade implementation of the fund models
- Rebalancing of the funds to conform to the investment allocations per the frequency selected and as needed for deposits/withdrawals
- Proxy voting by BFE
  - If client authorizes BFE, clients may contact their financial advisor to request information regarding how the proxies were voted

#### **Benjamin F. Edwards Mutual Fund Model Strategies**

Strategies are provided by Russell Investments and American Funds. Mutual Fund Model Strategies is a discretionary advisory strategy.

Russell offers three sets of strategies: mutual fund only, tax managed mutual fund only, and hybrid models that utilize exchange traded products and mutual funds. In these models, the mutual funds are Russell Investment's funds, but the exchange trade products are not Russell products. Russell provides the models and the funds to use within each model. These models allow for balanced and diversified portfolios.



American Funds offers a suite of strategies comprised of American Funds' funds. Currently, these strategies are comprised of mutual funds; however, with the evolution of actively managed ETFs, American Funds may deem it appropriate to use ETFs in these strategies in the future. American Funds provides the models and the funds to use within each strategy. These strategies are diversified objective-based portfolios.

Clients will work with their financial advisor to determine the asset allocation most appropriate for their needs.

*Additional Services:*

- BFE shall invest, reinvest, sell, or retain assets in its sole discretion for this account
- Ongoing monitoring, due diligence, and research by BFE on the Model Strategies
- Ongoing monitoring, due diligence, and research by the model providers on the funds and allocations
- Maintenance and trade implementation of the mutual fund models on BFE's platform
- Rebalancing of the funds to conform to the investment allocations per the frequency selected and as needed for deposits/withdrawals
- Proxy voting by BFE
  - If client authorizes BFE, clients may contact their financial advisor to request information regarding how the proxies were voted

### **Benjamin F. Edwards Active Passive Portfolios**

Benjamin F. Edwards Active Passive Portfolios is a discretionary strategy that combines mutual funds and exchange traded funds ("ETFs") in a suite of models. The mutual funds and ETFs used in this strategy are a combination of actively managed and passively managed products to provide exposure to both methodologies of investing in one account. The asset allocation models include a variety of asset types that, together, offer appropriate style diversification (i.e., diversification among large, mid and small-cap funds, as well as value vs. growth strategies as well as models with exposure to alternative investments) to accommodate each investment objective. Clients will work with their financial advisor to determine the asset allocation model most appropriate for their needs. The models developed and used by BFE are strategic (but not static) in nature, consistent with a 7-to-10-year investment horizon. They are reviewed on an ongoing basis and a full asset allocation study is conducted at least annually. Adjustments to the asset class weightings (equity vs. fixed income) are expected to be relatively minimal while the allocations by sub-category (international vs. domestic or large cap vs. small cap) could happen more frequently as part of the annual review. The models are designed to provide the investor with broad style diversification. Where appropriate, multiple funds are selected for a style to provide additional diversification.

*Additional Services:*

- BFE shall invest, reinvest, sell or retain assets in its sole discretion for this account
- Ongoing monitoring, due diligence, and research on the mutual funds and ETFs offered in the Benjamin F. Edwards Active Passive Portfolios
- Maintenance and trade implementation of the models
- Rebalancing of the securities to conform to the investment allocations per the frequency selected and as needed for deposits/withdrawals
- Proxy voting by BFE
  - If client authorizes BFE, clients may contact their financial advisor to request information regarding how the proxies were voted

### **Benjamin F. Edwards Exchange Traded Fund Portfolios**

Benjamin F. Edwards Exchange Traded Fund Portfolios is a discretionary advisory strategy that utilizes exchange traded funds ("ETFs") and/or exchange traded notes ("ETNs") as the portfolio's investment vehicles. BFE, Confluence Investment Management LLC (Confluence), First Trust Portfolios L.P. (First Trust), Laffer Tengler Investments (Laffer), and Morningstar Investment Services, LLC (Morningstar) serve as the model providers for this strategy and supply the models and recommendations for specific investments within each model. BFE may

modify those recommendations when implementing the strategy. The Confluence models are style-diversified and cyclical in nature. The First Trust models are designed to meet core equity and core fixed income objectives or to meet broadly defined risk profiles. Laffer provides a global equity strategy model and a U.S. inflation model. Morningstar Strategic Ibbotson models are style-diversified and strategic in nature. The models developed and used by BFE are strategic (but not static) in nature, consistent with a 7-to-10-year investment horizon. They are reviewed on an ongoing basis and a full asset allocation study is conducted at least annually. Adjustments to the asset class weightings (equity vs. fixed income) are expected to be relatively minimal while the allocations by sub-category (international vs. domestic or large cap vs. small cap) could happen more frequently as part of the annual review. The models are designed to provide the investor with broad style diversification. Where appropriate, multiple funds are selected for a style to provide additional diversification. Clients will work with their financial advisor to determine the asset allocation model most appropriate for their needs.

*Additional Services:*

- BFE shall invest, reinvest, sell or retain assets in its sole discretion for this account
- Ongoing monitoring, due diligence, and research by BFE on Confluence Investment Management LLC, First Trust Portfolios L.P., Laffer Tengler Investments and Morningstar Investment Services
- Ongoing monitoring, due diligence, and research by Confluence Investment Management LLC, First Trust Portfolios L.P., Laffer Tengler Investments and Morningstar Investment Services in connection with securities and allocations that they recommend
- Maintenance and trade implementation of the models
- Rebalancing of the securities to conform to the investment allocations and as needed for deposits/withdrawals
- Proxy voting by BFE
  - If client authorizes BFE, clients may contact their financial advisor to request information regarding how the proxies were voted

**Benjamin F. Edwards Equity Portfolios**

Benjamin F. Edwards Equity Portfolios is a discretionary model-based advisory strategy that uses a portfolio of individual equity securities. BFE has developed and utilizes a quantitative, factor-based approach with a qualitative overlay to manage the equity model(s). Balanced portfolios that utilize taxable or municipal bond ETFs are also available for fixed income exposure.

*Additional Services:*

- BFE shall invest, reinvest, sell, or retain assets in its sole discretion for this account
- Ongoing monitoring, due diligence, and research on the equity securities offered in the Benjamin F. Edwards Equity Portfolios
- Monitoring and trade implementation of the stocks in the model(s) as needed to stay aligned with the stated investment strategy
- Proxy voting by BFE
  - If client authorizes BFE, clients may contact their financial advisor to request information regarding how the proxies were voted

**Benjamin F. Edwards Private Portfolios**

Benjamin F. Edwards Private Portfolios is an advisory strategy where portfolio management services are provided by the BFE financial advisor to the client on a discretionary basis for a wrap fee based on the value of the account. As a discretionary account, the financial advisor is not required to contact the client prior to each transaction or investment decision. The client and financial advisor will work together to develop an investment strategy. When implementing the client's investment strategy, the financial advisor has the option to administer any portion of the allocation directly, or to employ solutions offered by BFE or a third party. The financial advisor will monitor the account to ensure it remains consistent with the investment strategy and that the strategy remains appropriate.

*Additional Services:*

- Investing, reinvesting, selling or retaining assets at the financial advisor's sole discretion, based on the client's suitability profile
- Utilizing solutions offered by other investment advisors (BFE and/or third-party asset managers) at the financial advisor's sole discretion, based on the client's suitability profile
- Ongoing monitoring and security selection by the financial advisor
- Development of an asset allocation
- Rebalancing of the securities as needed to conform to the investment allocations and/or for deposits/withdrawals

**Benjamin F. Edwards Separately Managed Portfolios**

Benjamin F. Edwards Separately Managed Portfolios advisory strategies provide the client with an opportunity to access investment strategies of third-party asset managers that BFE makes available on its advisory platform. BFE and/or its delegates conducts initial and ongoing research and due diligence on these asset managers. BFE outsources the due diligence reviews of third-party asset managers to external parties that specialize in such reviews. BFE may rely on these outside parties when making recommendations to clients to use, terminate or replace an asset manager. BFE will utilize this due diligence along with evaluating the economic efficiencies, level of interest in the asset manager and strategy, and how the strategy fits into BFE's strategic offering when approving asset manager strategies for inclusion. Additionally, BFE performs ongoing monitoring of any external parties utilized for ongoing due diligence of third-party asset managers.

BFE is the sponsor of the strategy with the asset manager serving as the sub-advisor. Strategies may be implemented by the third-party asset manager directly, or by the asset manager providing models to BFE and/or third-party investment advisers that partner with BFE, who will manage the account per the model provided. Periodic information regarding the asset manager and its strategy will be available to BFE's financial advisors to provide to clients upon request.

*Additional Services:*

- The asset manager, BFE, or a third-party investment adviser, as applicable, shall invest, reinvest, sell or retain assets in its sole discretion for this account
- Ongoing monitoring and due diligence on the asset manager strategies by BFE or its delegate
- Ongoing monitoring, due diligence, and research by the Manager on the securities utilized in the strategies
- Proxy voting by BFE or the asset manager, as applicable
  - If client authorizes BFE or the manager to vote, clients may contact their financial advisor to request information regarding how the proxies were voted

**Benjamin F. Edwards Unified Managed Account ("UMA")**

UMA is a discretionary, multi-discipline managed account product housed in a single account.

There are six diversified core models that span the Firm's nine strategic allocation models. BFE is the sponsor, and BNY Mellon Advisors, Inc. ("BNY Mellon Advisors") serves as the overlay manager. BFE and BNY Mellon Advisors work together to determine the default asset allocation percentages and allowable bands for each model. BNY Mellon Advisors and BFE select the investments to be used for each style allocation, also known as each sleeve, of the core models. Additionally, BNY Mellon Advisors' investment committee and BFE approve each investment vehicle available in the UMA. A sleeve can contain a third-party asset manager's strategy, an exchange traded fund, a mutual fund, or a combination of all three. Additionally, a mutual fund model or ETF model provided by BFE or a third-party strategist may be used within the UMA.

The BFE UMA is a flexible UMA in that, once the client has selected a model, the Advisor has discretion to follow the core model as determined by BFE and BNY Mellon Advisors or to adjust asset allocation/style percentages

within the allowable bands in addition to substituting in other approved investment vehicles. This customization and flexibility allows the Advisor to work with the client and tailor the UMA to their needs, objectives, preferences and circumstances.

*Additional Services:*

- BNY Mellon Advisors shall invest, reinvest, sell or retain assets in its sole discretion for this account per the model selected
- Ongoing monitoring, due diligence, and research by BFE and/or BNY Mellon Advisors on the securities, managers and strategists available in the UMA
- Maintenance and implementation of the models
- Rebalancing of the securities to conform to the model allocations
- Proxy voting by BNY Mellon Advisors depending on election made on the client advisory agreement
  - If client elects for BNY Mellon Advisors to vote the proxies, clients may contact their financial advisor to request information regarding how the proxies were voted

**Benjamin F. Edwards Tax Transition Strategies**

Benjamin F Edwards Tax Transition Strategies (“TTS”) is a discretionary investment management strategy that is customized to address the investment objective and unique tax considerations of each client account. The objective of a TTS portfolio is to provide a tax aware conversion from a basket of securities to a managed target strategy. Working with a BFE financial advisor, a client enrolled in a TTS portfolio sets an annual threshold for capital gains and/or a time horizon to transition to the target strategy. The amount of taxes paid can vary depending on the chosen path of transition and the tax budget. If limiting capital gains in any given year is a priority, it will take longer to complete the transition plan. The portfolio managers use a third-party tax quantitative transition tool to periodically surveil the portfolio for opportunities to buy and sell securities in a tax efficient manner with the goal of being fully invested in the target model. BFE or its third-party designate shall invest, reinvest, sell, or retain assets in its sole discretion for this account as needed to stay aligned with the stated investment strategy.

*Additional Services:*

- BFE or it’s designated third-party shall invest, reinvest, sell, or retain assets in its sole discretion for this account
- Ongoing monitoring, due diligence, and research on the securities in the target strategy
- Ongoing monitoring and due diligence on the tax transition tool and strategies by BFE or delegate
- Monitoring and trade implementation of the securities in the account as needed to stay aligned with the stated investment strategy
- Proxy voting by BFE
  - If client authorizes BFE, clients may contact their financial advisor to request information regarding how the proxies were voted

**Investment Management Consulting (with Execution)**

The Investment Management Consulting (with Execution) strategy is a service whereby BFE may, based on a negotiated scope of services, consult with clients with respect to any or all the services below, either on an ad-hoc or ongoing basis. BFE will not actually manage client assets as part of the Investment Management Consulting strategy. As a wrap program strategy, the cost of execution of transactions will be included in the advisory fee.

*Additional Services may include:*

- Investment Policy Statement Preparation
- Investment Policy Statement Review
- Investment Policy Statement Monitoring
- Search and evaluation of investment alternatives

- Ongoing monitoring and due diligence by BFE of investment manager(s)
- Ongoing performance monitoring
- Past performance review
- Fee Billing
- Execution of transactions
- Custody of assets
- Performance Monitoring Reports
- Participate in Periodic Meeting

### **Benjamin F. Edwards Non-Discretionary Investment Advisory Strategies**

BFE's current non-discretionary investment advisory strategy is also a BFE legacy investment advisory program. BFE will continue to support clients who opened accounts prior to April 1, 2023 in accordance with the terms outlined in their original Investment Advisory Agreement, which remains in full effect.

The following represents BFE's current non-discretionary strategy in which the client's BFE financial advisor serves as portfolio manager. Characteristics and additional services for this advisory strategy are as follows:

#### **Benjamin F. Edwards Client Portfolios**

Benjamin F. Edwards Client Portfolios is an advisory program where portfolio management services are provided to the client on a non-discretionary basis for a wrap fee based on the value of the account. As a non-discretionary account, the client retains final decision-making authority with respect to opening and closing transactions. BFE can convert mutual funds into equivalent ETFs when the option exists with the issuer, is a tax-free event, and is deemed to be appropriate option for the client. The financial advisor and client will work together to identify an appropriate investment strategy. The financial advisor will monitor the account to ensure it remains consistent with the strategy and make recommendations as needed.

#### *Additional Services:*

- Recommendation of customized asset allocation
- Recommendations by the financial advisor to invest, reinvest, sell or retain assets, if appropriate
- Ongoing monitoring of the account by the financial advisor
- Advice by the financial advisor on the client's proposed unsolicited transactions

### **Benjamin F. Edwards Legacy Investment Advisory Programs**

The following represents BFE's legacy advisory programs that are currently closed to new business. Characteristics and additional services for these programs are as follows:

#### **Benjamin F. Edwards Custom Mutual Fund Portfolios**

BFE discontinued this program on April 1, 2021. BFE will continue to support clients who opened accounts prior to April 1, 2021 in accordance with the terms outlined in their original Investment Advisory Agreement, which remains in full effect.

Benjamin F. Edwards Custom Mutual Fund Portfolios is a limited discretion model-based advisory program in which accounts are comprised of mutual funds and/or ETFs (collectively "Investment Funds"). The financial advisor and client will work together to identify an appropriate investment model. The client retains final decision-making authority with respect to the Investment Funds used, and the percentage allocated to each fund in the model. BFE can convert mutual funds into equivalent ETFs when the option exists with the issuer, is a tax-free event, and is deemed to be an appropriate option for the client. Limited discretion is granted to the financial advisor to:

- Rebalance the account on a discretionary basis to the model's baseline allocation
- Invest cash deposits
- Sell and reinvest deposits of securities
- Sell funds for fees and requested withdrawals

The financial advisor will monitor the account to ensure it remains consistent with the strategy and make recommendations for changes as needed.

### **BNY Mellon Target Risk Portfolios (formerly Lockwood Asset Allocation Portfolios)**

BFE discontinued this program on April 1, 2023. BFE will continue to support clients who opened accounts prior to April 1, 2023 in accordance with the terms outlined in their original Investment Advisory Agreement, which remains in full effect.

BNY Mellon Target Risk Portfolios is a discretionary, multi-discipline managed portfolio product. BFE is the sponsor of BNY Mellon Target Risk Portfolios, and BNY Mellon Advisors serves as the portfolio manager. As portfolio manager, BNY Mellon Advisors determines the asset allocation strategy and selects investment vehicles for each investment style component of BNY Mellon Target Risk Portfolios based on proprietary models. These models may consist of open and closed-end mutual funds, exchange traded funds and other securities, as determined by BNY Mellon Advisors, at its sole discretion.

#### *Additional Services:*

- BNY Mellon Advisors shall invest, reinvest, sell or retain assets in its sole discretion for this account
- Ongoing monitoring, due diligence, and research by BFE on BNY Mellon Advisors
- Ongoing monitoring, due diligence, and research by BNY Mellon Advisors on the securities and allocations
- Maintenance and trade implementation of the models
- As needed, rebalancing of the securities to conform to the investment allocations and for deposits/withdrawals
- Proxy voting by portfolio manager, as applicable
  - If client elects the manager to vote the proxies, clients may contact their financial advisor to request information regarding how the proxies were voted

### ***Financial Planning***

BFE provides investment advisory financial planning services. Financial plans are individually tailored analyses of a client's current portfolio and projected financial needs, together with a recommended approach to meeting those needs. Individual securities recommendations are not typically included as part of a financial plan. Depending on the client's individual situation, financial plans may include an overview of investment objectives, risk tolerance, time horizon, net worth, cash flow analysis, college cost and savings estimates, and asset allocation analyses. Part of the portfolio analysis may include in-depth assessment of the client's securities such as equity, bond or mutual fund holdings. The assessment may show historical return, yield, market value, sector breakout, bond rating, yield-to-maturity, and percentage that each category comprises of the total portfolio. It may also include an analysis of investments managed by third party asset managers.

Retirement planning analyses may include a hypothetical wealth accumulation table that compares lifetime income needs to portfolio resources, together with an assessment of the probability of achieving the desired financial outcome based on those resources. Estate planning analyses may include an assessment of estate tax estimates, survivor income projections, long-term care coverage and estate planning strategies for consideration. A financial plan may include product analysis, such as an analysis of equity, fixed income, mutual funds and other financial products.

The financial planning relationship ends upon delivery of the agreed-upon financial plan. A client may choose to implement the plan with any financial services firm, including BFE or others, or not to implement the plan at all. If updates or reassessments of the financial plan are desired, they would generally be prepared pursuant to a new financial planning arrangement.

### ***Retirement Plan Consulting***

The Retirement Plan Consulting Program is a service whereby BFE may, based on a negotiated scope of services, consult with retirement plan administrators, other fiduciaries to retirement plans, plan participants and other parties. BFE will not actually manage plan assets as part of the Retirement Plan Consulting Program.

Depending on the negotiated scope of services between the parties, BFE may participate in enrollment meetings, provide supplemental educational materials to the plan or plan participants, conduct education and provide investment materials for participant-directed plans, search and evaluate investment alternatives for the plan, review past performance of the plan's current investment options, provide one-time, ongoing or periodic performance monitoring reports for the plan's current investment options. Services provided to plan participants may be provided at a group level, or to individual plan participants. Unless otherwise specified in the agreement between BFE and the plan, any education and investment materials provided are intended to constitute "education" and not individualized "investment advice." BFE may also negotiate other services based on the needs of the plan.

In certain circumstances, BFE provides non-fiduciary educational services directly through non-affiliated third-party investment advisors. When BFE serves in this capacity, the non-affiliated third parties will subcontract directly with BFE. As such, BFE will not contract directly with retirement plan administrators and the non-affiliated third parties will be responsible for providing fiduciary services and notifying the plan administrators of the subcontracted relationship.

### ***Investment Management Consulting***

The Investment Management Consulting Program is a service whereby BFE may, based on a negotiated scope of services, consult with clients with respect to any or all of the services below, either on an ad-hoc or ongoing basis. BFE will not actually manage client assets as part of the Investment Management Consulting Program.

Depending on the negotiated scope of services between the parties, BFE may prepare, review and/or monitor an Investment Policy Statement, search and evaluate investment alternatives, perform ongoing monitoring and due diligence of investment managers, perform ongoing performance monitoring, review past performance of the client's investments, provide fee-billing services, custody assets through our clearing firm, provide performance monitoring reports, and participate in periodic meetings as needed. BFE may also negotiate other services based on the needs of the client.

### ***Plan Participant Advisory Services***

BFE offers clients ongoing advisory services for plans held outside of BFE through the Plan Participant Advisory Services ("PPAS") program. This means the plans are not custodied at BFE or BFE's qualified custodian but are rather held on the platform chosen by the plan administrator or the client, sometimes referred to as "held away" accounts. For the purposes of this program, the term "Plan" could refer to a held away retirement plan, a held away 529 plan or a similar held away plan. The term "Plan Participant" refers to the clients invested in said plans.

Clients who enroll in BFE's PPAS program have the option of choosing discretionary investment management services or non-discretionary consulting services. The discretionary PPAS option is an advisory service whereby BFE will agree to provide plan participants with discretionary investment management services. Alternatively, the non-discretionary PPAS option is a consulting service in which BFE will agree to provide plan participants with non-discretionary investment advice.

For each option, BFE's financial advisors will review the investment options available to the Plan Participant within the Plan. financial advisors will then work with clients to identify their needs, objectives and risk tolerance. From the information obtained, the financial advisor will proceed in one of the following ways, depending on which program option is selected:

- For clients who select discretionary investment management services, the financial advisor will develop an asset allocation and implement the necessary trades to align the account with the allocation. The financial advisor will meet with the client to discuss whether changes to the account allocation may be appropriate. The client will permission their BFE financial advisor to directly trade with full discretion in the Plan account through capabilities provided by a third-party order management platform.
- For clients who select non-discretionary consulting services, the financial advisor will provide a written security level asset allocation recommendation. The financial advisor will meet with the client to discuss whether changes to the initial recommendation may be appropriate. It is the sole responsibility of the client whether or not to implement the advice provided.

### ***Conflict of Interest***

Conflict of interests can arise with respect to a variety of business and other relationships in almost any investment advisory program. Please refer to the "Other Financial Industry Activities and Affiliations" for information on conflicts of interest relating to relationships and product-specific compensation that is received by BFE.

### ***Tailoring of Advisory Programs and Reasonable Restrictions***

For all wrap advisory programs, the BFE clients select the financial advisor with whom they wish to work. The financial advisor will assess the client's prior investment experience, financial goals, time horizon, risk tolerance, and investment objectives to determine the appropriate program for the client.

Clients may request reasonable restrictions on the management of their discretionary accounts. Such restrictions may include imposition of limitations or preferences concerning transactions in certain securities, frequency of rebalancing, tax-loss selling, frequency of distributions and similar matters.

Security-specific restrictions in the Discretionary Investment Advisory Program are individually negotiated between the client and financial advisor. With respect to all other programs involving transactions in individual equity securities, clients may request security-specific restrictions on equities or restrictions based on the following categories: Alcohol, Cosmetic, Defense/Military/ Weapons, Entertainment, Foreign Securities, Gambling, Finance, Trucking, Meat Products, Nuclear Power, Oil Stocks, Textiles, Drugs, Tobacco, Public Utilities, Paper/Forest Products, and Healthcare/Medical Industries. Depending on the strategy employed, BFE will consider requests for reasonable restrictions on the management of the account. Such restrictions may be placed on mutual funds or ETFs from the model selected but cannot restrict the individual securities held within the mutual funds or ETFs. If such investment restrictions are implemented, the client will experience a different investment return than what will be realized by the model itself. Such performance may be better or worse than the model. For these reasons, if a client wishes to make a request concerning restrictions based on specific securities, it may be more appropriate for the client to participate in other BFE advisory strategies that are not so uniquely positioned. It should be noted; any standardized reports of model performance will not reflect the performance of the model with restrictions applied. Quarterly performance reports of the client's account will accurately reflect the client's actual account performance with restrictions.

With respect to Financial Planning, the financial advisor will prepare a tailored assessment and plan that is designed to meet the particular needs of the individual client.

With respect to Retirement Plan Consulting, the financial advisor will determine with the appropriate retirement plan administrator, fiduciary, or other authorized person, the specific consulting services that are needed. BFE will not provide individualized investment advice to particular plan participants.



With respect to Investment Management Consulting, the financial advisor will work with the client to determine the specific consulting services that are needed.

### ***Legal and Tax Advice***

BFE financial advisors do not provide legal or tax advice. It is recommended that clients discuss their personal situation with a tax or legal advisor.

## **Item 5 - Fees and Compensation**

### ***Benjamin F. Edwards Current Investment Advisory Fees***

BFE will provide investment advisory services selected by the client for the investment advisory fees discussed in this section.

BFE's investment advisory fee is an annual wrap fee that consists of (1) the fee for advisory services provided by BFE (the "Edwards Fee") and, if applicable, (2) the fee for portfolio management services provided to the client (the "Manager Fee"); the Edwards Fee and Manager Fee together is known as the "Total Fee".

The Edwards Fee includes but is not limited to BFE's investment advisory services, account administration, trade execution through the custodian, and compensation to the financial advisor. The maximum Edwards Fee is 2.00%. Please note, there is a minimum annual fee of \$125 that applies to all BFE investment advisory accounts.

The Manager Fee, if applicable, includes portfolio management services compensation to BFE or third-party asset managers. The Manager Fee varies and will depend on the manager and/or strategy selected by the client, BFE, or the financial advisor.

The client is responsible for the Total Fee up to a maximum of 2.50% annually. BFE reserves the right to increase the Total Fee by five percent per calendar year. Any Total Fee (as described herein) increase will be preceded by notification to me of the increase. Where a Total Fee increase is the result of a change to the client's Investment Advisory Program Selection, it will require the client's express written consent. In instances where BFE provides clients notification of a fee increase, BFE will send the notification as part of the client statement or in a separate communication.

BFE's investment advisory fees are negotiable, and the client's actual fee is documented in the BFE Investment Advisory Agreement which is executed by the client. The investment advisory fee is charged pro-rata on a quarterly basis in advance and will be based on the average daily asset value of the client's account for the previous quarter. BFE's investment advisory fees will be debited from the client's advisory account unless an alternate BFE account is designated by the client for such purpose.

### ***Benjamin F. Edwards Legacy Investment Advisory Program Fees***

BFE discontinued these legacy programs on April 1, 2023. BFE will continue to support the clients in these programs who opened accounts prior to April 1, 2023. Fees for BFE's legacy programs are as follows:

#### **Benjamin F. Edwards Mutual Fund Portfolios**

*The annual fee for this advisory service is as follows:*

First \$250,000 in assets = 1.50%

Next \$250,000 in assets = 1.25%

Next \$500,000 in assets = 1.00%

Amounts greater than \$1,000,000 = 0.75

### Benjamin F. Edwards Mutual Fund Model Strategies

The annual fee for this advisory service is as follows:

- First \$250,000 in assets\* = 1.50%
  - Next \$250,000 in assets = 1.25%
  - Next \$500,000 in assets = 1.00%
  - Amounts greater than \$1,000,000 = 0.75%
- \* For the American Funds models, there is a minimum fee of \$125 per year.

### Benjamin F. Edwards Active Passive Portfolios

The annual fee for this advisory service is as follows:

- First \$250,000 in assets = 1.50%
- Next \$250,000 in assets = 1.25%
- Next \$500,000 in assets = 1.00%
- Amounts greater than \$1,000,000 = 0.75%

### Benjamin F. Edwards Exchange Traded Fund Portfolios

The annual fee for this advisory service using the Confluence, First Trust and Laffer models is as follows:

- First \$250,000 in assets = 2.25%
- Next \$250,000 in assets = 1.75%
- Next \$500,000 in assets = 1.50%
- Amounts greater than \$1,000,000 = 1.25%

The annual fee for this advisory service using the Morningstar Strategic Ibbotson models is as follows:

- First \$250,000 in assets = 1.75%
- Next \$250,000 in assets = 1.50%
- Next \$500,000 in assets = 1.25%
- Amounts greater than \$1,000,000 = 1.00%

The annual fee for this advisory service using the BFE models is as follows:

- First \$100,000 in assets\* = 1.25%
  - Next \$250,000 in assets = 1.00%
  - Amounts Greater than \$350,000 = 0.75%
- \* For these models, there is a minimum fee of \$125 per year

### Benjamin F. Edwards Equity Portfolios

The annual fee for this advisory service is negotiable and will not exceed 2.20% of the market value of the assets managed.

### Benjamin F. Edwards Custom Mutual Fund Portfolios

The annual fee for this advisory service is as follows:

- First \$250,000 in assets = 1.50%
- Next \$250,000 in assets = 1.25%
- Next \$500,000 in assets = 1.00%
- Amounts greater than \$1,000,000 = 0.75%

### Benjamin F. Edwards Client Portfolios

The annual fee for this advisory service is as follows:

- First \$250,000 = 2.00%
- Next \$250,000 = 1.50%
- Next \$500,000 = 1.25%
- Next \$1,500,000 = 1.00%
- Next \$2,500,000 = 0.75%
- Amounts greater than \$5,000,000 = 0.65%

### Benjamin F. Edwards Private Portfolios

The annual fee for this advisory service is as follows:

- First \$250,000 = 2.25%
- Next \$250,000 = 1.75%
- Next \$500,000 = 1.50%
- Next \$1,500,000 = 1.25%
- Next \$2,500,000 = 0.85%
- Amounts greater than \$5,000,000 = 0.75%

Note: Use of the default fee schedule above will result in a blended fee percentage based on the overall value of the account. In instances where the client's account is comprised of more than 66% mutual funds, the maximum advisory fee will be the lesser of either the blended rate or a flat rate of 1.75%.

### Benjamin F. Edwards Separately Managed Portfolios

The annual advisory wrap fee varies based on the type of securities managed and is as follows:

	Equity/ Balanced	Fixed Income
First \$500,000 in assets	2.75%	1.25%
Next \$500,000 in assets	2.25%	1.15%
Next \$1,500,000 in assets	1.75%	1.00%
Amounts greater than \$2,500,000	1.25%	0.85%

### **Benjamin F. Edwards Unified Managed Account**

The annual advisory fee for this service excludes the separate asset manager's fee, if a third-party asset manager's model is utilized.

*The annual advisory fee schedule is as follows:*

First \$500,000 in assets = 2.25%  
Next \$500,000 in assets = 1.75%  
Next \$1,500,000 in assets = 1.25%  
Amounts greater than \$2,500,000 in assets = 1.00%  
Plus the cost of any manager from 0.00% - 0.50%

### **BNY Mellon Target Risk Portfolios (formerly Lockwood Asset Allocation Portfolios)**

*The annual fee for this advisory service is as follows:*

First \$500,000 in assets = 1.50%  
Next \$500,000 in assets = 1.25%  
Next \$1,500,000 in assets = 1.00%  
Amounts greater than \$2,500,000 = 0.75%

### **Investment Management Consulting (with Execution)**

The advisory fee for this service will be a negotiated fixed or asset-based amount based on negotiated services to be provided.

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BFE offers multiple wrap programs with differing costs to BFE. As a result, the compensation received by your financial advisor varies between the wrap programs. The ability to offer multiple wrap programs can raise concerns that some programs would be favored over others. BFE manages these types of potential conflicts between programs through its policies and procedures, which include, internal trading review processes and trading oversight.

### **Retirement Plan Consulting, Investment Management Consulting (without Execution), and Plan Participant Advisory Services (non-discretionary consulting services).**

Fees for these programs are unbundled, meaning the BFE advisory fee is not wrapped together with other fees the client pays, like platform or execution costs. Fees are non-standardized, fully negotiable, and will depend on the services provided, which are also negotiable. All fees are documented in the respective advisory agreement which clients receive and execute prior to being placed into these programs.

### **Plan Participant Advisory Services (discretionary investment management services)**

Fees for this program are unbundled, meaning the BFE advisory fee is not wrapped together with other fees the client pays, like platform or execution costs. The annual fee is charged quarterly in advance and the fee based on the previous quarter's average daily account balance.

*The annual fee for this advisory service is as follows:*

First \$250,000 in assets = 1.75%  
Next \$250,000 in assets = 1.50%  
Next \$500,000 in assets = 1.25%  
Amounts greater than \$1,000,000 = 1.00%  
There is no minimum initial account size for this service; however, the minimum annual fee is \$125

### **Disclosure of Additional Fees and Compensation**

Certain investment products or services available in BFE's investment advisory programs (collectively referred to as "products") provide additional compensation to BFE, its financial advisors and its custodian beyond the wrap fees applicable to the advisory programs discussed above. This additional compensation is used, among other things, to help pay for education and training of advisors, investment selection and management tools, and a variety of other expenses associated with maintaining an investment advisory platform. However, when BFE or a financial advisor receives any of the additional compensation described, they have an incentive to recommend or sell those

products over products that do not provide such compensation, or which provide less compensation, rather than making recommendations based solely on clients' needs.

BFE addresses these conflicts of interest by disclosing the existence of the compensation in its various investment advisory disclosure documents, including making the documents available on its public website ([benjaminfedwards.com](http://benjaminfedwards.com), see "[Important Disclosures](#)"), so clients may make informed decisions whether to participate in programs that involve transactions in mutual funds or other products that present compensation-related conflicts of interest. In addition to disclosing these conflicts, the Firm has taken steps to mitigate and/or eliminate certain conflicts related to the receipt of payments from certain investment products. The efforts to mitigate and eliminate these conflicts are described in the following section titled "Compensation Associated with Internal Product Expenses".

### **Compensation Associated with Internal Product Expenses**

Investment company securities like mutual funds, exchange traded funds, closed-end funds, unit investment trusts, the subaccounts underlying variable annuities, etc. (collectively referred to as "Funds") charge internal expenses, which are in addition to the wrap advisory fees you pay BFE. If you invest in Funds, you will pay your share of these expenses, which are typically charged as a percentage of the asset value under management. These fees and expenses have the effect of reducing the overall performance of the investment. A Fund's applicable fees are outlined in its prospectus, which your financial advisor can help you access prior to purchasing a Fund.

Some internal Fund expenses, such as the management fee and fund operating expenses, are retained by the product issuers or their affiliates. Other expenses associated with products like mutual funds are shared with Pershing and/or BFE and include costs like distribution fees (12b-1 fees), service fees and recordkeeping fees (sub-transfer agency fees, or "sub-TA fees"). Sub-TA fees are paid to BFE's clearing firm, Pershing, to compensate Pershing for the administrative and bookkeeping costs of maintaining those mutual fund positions on its platform. Neither BFE nor your financial advisor receives any portion of the sub-TA fee Pershing receives.

Mutual fund companies commonly offer multiple "share classes" of the same mutual fund. Different share classes in the same mutual fund are comprised of the same underlying basket of securities, but the classes differ based on the associated fees and compensation structures. A mutual fund's different share classes may include or exclude some of the fees mentioned above in this section (12b-1 fees, service fees, sub-TA fees, etc.). Industry terminology has been adopted to help investors understand the fees and costs they pay directly and/or indirectly for different share class categories. The following is a summary of three separate share class categories which highlights key differences in fees and expenses:

**Unbundled Shares** – This share class contains the fewest number of cost and fee categories. Investors will pay the internal fees and costs associated with the management and operation of the mutual fund itself. This is generally the lowest cost share class a client can own in an advisory account.

**Semi-bundled Shares** – This category of share class includes the fees and costs listed above for Unbundled Shares. It also includes Sub-TA fees, revenue sharing fees and platform/access fees. Semi-bundled Shares have a higher internal expense ratio than Unbundled Shares. Both Unbundled and Semi-bundled Shares are commonly used in advisory accounts.

**Bundled Shares** – This share class includes the fees and costs listed above for both Unbundled Shares and Semi-bundled Shares. It also contains transactional costs, operational fees, loads and commission fees and 12b-1 fees. Because of the fees involved, and the associated load and commission fees, this share class is typically used in brokerage accounts, but it is also used in BFE advisory accounts for reasons detailed below. If this type of share class is used in a BFE's advisory account, any load and commission fees will be waived.

BFE ultimately determines the Funds that are available in our advisory programs and, wherever possible, BFE seeks to use Semi-bundled share classes of mutual funds in advisory accounts. Clients should be aware that mutual funds in the Semi-bundled category are not the lowest-cost share class available. Clients should not expect to be invested in the lowest cost share class when participating in BFE's advisory programs. When BFE selects mutual funds in the Unbundled category, Pershing will levy additional transaction-based fees to BFE to compensate Pershing for the revenue lost when BFE does not select more expensive share classes. Funds in the Semi-bundled category compensate Pershing through internal sub-TA fees, meaning additional transaction-based fees do not generally apply. As such, to avoid absorbing these transaction-based fees, thereby retaining a greater share of the client's wrap fee, BFE has a financial incentive to choose the Semi-bundled share class that compensates Pershing through sub-TA fees.

While BFE generally aims to use share classes intended for advisory accounts, clients should understand that BFE has the ability to choose share classes other than those designed specifically for advisory accounts. This may occur for a variety of reasons including that the Fund company may not offer advisory class shares for some or all its mutual funds. Non-advisory share classes typically include internal distribution expenses (12b-1 fees), which is a cost clients bear. BFE addresses this by crediting any 12b-1 fees it receives back to its clients' advisory accounts.

BFE also uses more than one share class of the same mutual fund in its various investment advisory programs and sometimes in the same program. This could be because other share classes transfer into BFE advisory accounts from other firms, an advisor selects a share class which differs from share classes selected by other BFE advisors, or an advisor selects an Unbundled share class of a mutual fund without consideration to the Firm's operational costs. For strategies that are directly implemented by third-party asset managers, each individual asset manager is responsible for its own share class selection, which should be described in the asset manager's Form ADV 2A Brochure. Your financial advisor can provide an asset manager's Form ADV 2A Brochure, should you wish to obtain a copy.

Because each share class of the same mutual fund generally invests in the same portfolio of securities, an investor who holds a less expensive share class will pay lower fees and as such, will earn higher investment returns than an investor who holds a more expensive share class of the same mutual fund. Clients should understand that the ability of the Firm and the advisor to use more expensive share classes creates a conflict of interest in that sales of the more expensive share classes benefit the Firm by offsetting expenses that would otherwise be incurred in the operation, management, and oversight of its investment advisory platform.

### **Compensation Associated with Product-Related Marketing Support Payments**

BFE also receives marketing support payments (sometimes known as revenue sharing or by similar terms) from a fund's investment adviser or other fund affiliate, as well as from insurance company product vendors, third-party asset managers, and other product, platform, or service-providers. Such payments are sought for the purpose of compensating BFE for its marketing and educational efforts associated with sales of the product, or to offset operational costs of the Firm. Such payments are paid as a percentage of the product's assets under management and/or as a percentage of the amount of purchases with BFE, or they are paid to BFE in lump sum amounts in the form of reimbursement for expenses associated with particular events such as motivational, training or education symposia for financial advisors or clients, as well as other events presented by BFE.

BFE does not receive such payments in connection with all funds, products, or providers, and furthermore, BFE has taken steps to eliminate advisory assets from these revenue sharing arrangements. Although BFE receives cash payments from some funds, products, or providers, BFE's financial advisors do not receive any of the cash payments described above from vendors. On the other hand, BFE's financial advisors attend educational events paid for by vendors, and vendors reimburse financial advisors for the cost to travel to educational events as well as for the cost of meals and lodging at such events. This creates a conflict of interest because financial advisors have an incentive to recommend the products of vendors that provide and pay for educational events the financial advisors attend, even if the products of other vendors are less expensive or otherwise better meet their clients' needs. More information on these revenue sharing payments is available in BFE's "[Revenue Sharing Disclosure](#)" on

the Firm's website at [benjaminfedwards.com](http://benjaminfedwards.com) under the "[Important Disclosures](#)" section. BFE believes it is important for clients to understand BFE's revenue sharing and other third-party compensation arrangements so that clients can make informed decisions whether to participate in BFE's programs.

### **Compensation Associated with the Insured Deposit Program**

Clients have choices on how they invest cash balances including products like money market mutual funds. BFE also offers an Insured Deposit Program ("Deposit Program"), which sweeps cash held within accounts into an interest-bearing FDIC-insured cash account or SIPC-insured money market funds. In the Deposit Program, BFE, Pershing and the Deposit Program Sponsor ("Sponsor") earn fees based on the amount of money invested in the Deposit Program. Clients are entered into FDIC-insured cash account option of the Deposit Program by default at the time of account opening but may change the selection to the SIPC-insured money market funds option or withdraw from the Deposit Program at any time by contacting their financial advisor.

BFE, Pershing, and the Sponsor will earn higher fees when money is invested in the Insured Deposit Program than in other short-term cash alternative products. This means BFE has a conflict of interest because it has an incentive to recommend investment in this program over money market mutual funds, or in other short-term money management products or products with the potential for higher returns.

The Sponsor establishes the parameters in which BFE participates in its Deposit Program. BFE earns its compensation by retaining any residual interest after the initial yield that was paid by the participating banks for the client deposits has been reduced by the fees payable to Pershing and to the Sponsor, and the rate paid to the client. The fees paid to Pershing and the Sponsor are established at the outset. BFE is given the latitude to determine the final interest rate that will be earned by the client. Because BFE's compensation is earned from the residual, it effectively determines its own compensation, within the limits of the initial market yields that are paid. BFE has a conflict of interest in establishing that rate because the firm's compensation will be greater if the client's final yield is lower. BFE does not have this type of conflict in connection with money market funds, and as a result clients will earn more interest if they choose a money market fund over the Insured Deposit Program.

Interest rates earned by clients in connection with the Deposit Program at any given time will vary and are derived from then current market yields paid by the participating banks. The interest rate earned by a given client is also a function of the linked value of all the assets invested by a client in different accounts at Benjamin F. Edwards. In general, a client with greater linked balances will receive an interest rate at a higher tier than a client with lower linked balances. The aggregate value of a client's linked balance will determine which interest rate tier in which a client is placed. In connection with the Deposit Program, BFE will determine the amount of invested assets that is required for each interest rate tier, as well as the interest rate to be paid at each tier. Because BFE's compensation is earned from the residual, the tiered compensation structure results in BFE receiving less compensation when more of a given client's assets are invested with Benjamin F. Edwards. Consequently, BFE and its advisors have an incentive to recommend products other than the insured deposit products to clients with higher balances in the program, even when the insured deposit products might be more advantageous.

Because BFE establishes the client's final earned interest rate in the Deposit Program and the threshold values of the Program's linked account tiers, it directly influences the amount the client will earn and the revenue BFE retains. In addition, advisory clients should be aware that balances in BFE's Insured Deposit Program are used to calculate annual advisory fees (for more information, please see the section titled "Services and Fees"). It is important for clients to understand these conflicts so they can make informed decisions when evaluating the benefits of participating in the Insured Deposit Program versus other alternatives.

Information on the Deposit Program is provided in a document titled "[Insured Deposit Program Terms and Conditions](#)" (housed on the Firm's website at [benjaminfedwards.com](http://benjaminfedwards.com) under the "[Important Disclosures](#)" section), which is delivered to all clients at or prior to the time they begin participating in the program. Additional copies can be obtained from a BFE financial advisor upon request. Further detail on the Deposit Program is available in BFE's "[Revenue Sharing Disclosure](#)", also on the Firm's website under the "Important Disclosures" section.

## Compensation from Asset-Based Loans

BFE is compensated by receiving a portion of the interest paid by clients for a non-purpose asset-based loan (i.e., a loan that is secured by assets in the client's account). Clients may obtain a "non-purpose" loan (the proceeds of which may be used for any purpose other than purchasing securities) or a "margin" loan (the proceeds of which can be used to purchase securities). Clients can use the assets in either existing BFE brokerage or advisory accounts as collateral for such loans. BFE partners with third-party intermediary banks to facilitate the asset-based loan program.

Clients who decide to enter into an asset-based loan arrangement should carefully consider the following:

- Clients are borrowing money that will have to be repaid to either Pershing or BFE's intermediary bank, depending on the loan type.
- Pledge arrangements are only available for non-qualified accounts.
- The client, as the borrower, is using cash and securities in the BFE account(s) as collateral.
- The client will be charged an interest rate that is subject to change.
- Depending on the loan type, Pershing, BFE or its intermediary bank can force the sale of securities or other assets in the pledged account at any time and without notice to cover any deficiency in the value of the securities pledged for the loan. Pershing, BFE, the intermediary bank or the portfolio manager, in the case of an advisory account, can decide which securities to sell without consulting the client.
- BFE has a conflict of interest when a client obtains a margin loan from Pershing or a non-purpose loan from an intermediary bank. This conflict exists because BFE receives a portion of the interest charged on the loan and because BFE can markup, or increase, the interest rates charged to its clients. BFE reduces this conflict by reviewing the borrower's accounts to determine whether the loan is appropriate and in line with the borrower's goals and objectives, and by disclosing this arrangement.
- For non-purpose loans, BFE and the intermediary bank are responsible for reviewing the loan application and any other documents required to obtain the loan. The lending intermediary bank, in its sole discretion, will determine whether to accept or deny an applicant's non-purpose loan request.
- For margin loans, BFE and Pershing review the margin agreement and any other documents that Pershing may require for clients to obtain the margin loan.
- Prior to establishing a loan, clients should carefully review applicable program-specific disclosure documents, and any other forms required to process the loan.

## Compensation Associated with Ancillary Services

The wrap fee does not include, and the client will be charged separately for, fees for ancillary services such as, without limitation, fees relating to specific types of product or asset transfers, processing, maintenance or safekeeping; physical delivery of account documents; checking or debit card services; and account termination or transfer. The complete ancillary fee schedule, titled "[Client Fees](#)", is available at [benjaminfedwards.com](http://benjaminfedwards.com) in the "[Important Disclosures](#)" section and is incorporated by reference; a hardcopy is available upon request from any BFE financial advisor. Most of these fees are passed directly to Pershing; however, BFE retains a portion of selected fees, which creates a conflict of interest as BFE has an incentive to recommend the additional services.

## Payments BFE Receives from Its Clearing Firm

As is the case with all the firm's service providers, BFE pays its clearing firm, Pershing, for the various services it provides, including but not limited to execution, clearing, custody and other services based on a negotiated fee schedule. Pershing reimburses BFE for some of the infrastructure and operational expenses associated with growing its brokerage and investment advisory asset base. The current agreement can be periodically revisited in the intervening time based on mutual consideration of the parties. Pershing also typically reimburses BFE for certain documented account transfer fees if BFE credits a client account for fees charged by a client's prior firm at the time the account transferred to BFE. These arrangements create an incentive for BFE to endorse Pershing, and

to place clients in brokerage or investment advisory programs or to engage in other activity that, by operation of the negotiated fee schedule, are more profitable to the Firm.

With respect to the BNY Mellon Target Risk Portfolios program, BNY Mellon Advisors will pay BFE a sponsor fee from the amounts charged to the client for participation in such programs. Financial advisors do not receive payments in connection with such sponsor fee.

### **Compensation Associated with Portfolio Management Services**

With respect to strategies in Benjamin F. Edwards Discretionary Investment Advisory Program offered through or provided by third-party asset managers, the client will pay a wrap fee that covers all charges including but not limited to trading, clearing and custody, reporting, advice, and asset management. If the cost of administering the program decreases, or a third-party asset manager reduces its fee, it will not automatically reduce the fee paid by the client. Similarly, some third-party asset manager strategies cost less than other similar options and in instances where an advisor chooses the lower cost option, this does not automatically lower the client wrap fee to reflect the lower costs. In both examples this creates a conflict whereby the financial advisor and BFE retain more of the client fee.

Where we recommend our BFE sponsored advisory programs over those administered by other third-party asset managers, we have a conflict because BFE does not have to compensate the third-party asset manager and we are therefore able to retain more of the client's wrap fee. Further, where BFE or designated third-party trades a manager's strategy, we/they keep a portion of the manager fee to offset the costs associated with execution and operational support associated with trading the model-based strategy.

### **Additional Product and Service Charges**

Some mutual funds impose a short-term redemption charge that is paid by the client if the product is sold within varying periods of time relative to the purchase date (e.g., 90 days). BFE receives no portion of individual funds' redemption charges.

The wrap fee does not include separate external fees charged by a product sponsor or trustee, such as would be the case if the assets of a donor advised fund are managed within an advisory account, or if an advisory account is owned by a trust with a corporate trustee or other party who receives separate compensation from account assets. Such additional external fees would typically be charged separately by the donor advised fund or the trustee and paid by BFE from the account assets.

### **Non-Cash Compensation**

Finally, some product vendors, asset managers, or service providers make nominal gifts or provide business entertainment, such as meals, or tickets to theatrical, sporting, or other events, to BFE or its financial advisors. Such gifts or entertainment provide an incentive for BFE and its financial advisors to recommend the products of vendors who provide such compensation over the products of other vendors, even if the other vendors' products are less expensive or otherwise better meet advisory clients' needs.

### ***Additional Disclosures About BFE Wrap Fee Programs***

BFE's wrap free programs have several other characteristics with which clients should be familiar. Although these characteristics do not typically result in additional compensation received by BFE, in some cases they result in additional expenses for clients, which could negatively impact the performance of their accounts.



## **Negotiability of Wrap Fees**

Wrap fees are negotiable and BFE will consider reducing the wrap fees described above under appropriate circumstances. For example, BFE will consider fees paid by the client to a competitor for a similar investment advisory program; whether the totality of the client relationship, including both advisory, non-advisory or other business warrants a reduced fee, whether there is a realistic likelihood of significant future business, etc. See the “Compensation” section below for information regarding compensation to portfolio managers/financial advisors.

Clients have the option to purchase investment products that BFE recommends through other brokers or agents that are not affiliated with BFE. Participating in wrap fee programs or other advisory programs would cost the client more or less than if the client were to implement his or her selected program separately from BFE, such as by using a different program sponsor, pursuing the strategy through a brokerage account, or investing directly with the mutual fund family. Some factors that might impact the total cost to a client who implements a program separately from BFE include the frequency of trading activity; whether a client might be successful in negotiating a lower fee with a sub-advisor; rate of commissions, markups, or other transaction-related compensation; or whether account fees, transaction fees or similar charges would be incurred.

## **Retirement Account Rollovers**

When recommending that a client rollover their account from a current retirement plan to an IRA, BFE and its financial advisors have a conflict of interest. BFE and its financial advisors can earn investment advisory fees by recommending that a client rollover their account at the retirement plan to an IRA; however, BFE and its financial advisors will not earn any investment advisory fee if the client does not rollover the funds in the retirement plan (unless a client retained BFE to provide advice about the client’s retirement plan account). Thus, BFE and its financial advisors have an economic incentive to recommend a rollover of the retirement plan account, which is a conflict of interest. BFE has taken steps to manage this conflict of interest arising from rolling over funds from an ERISA covered retirement plan to an IRA and has adopted written policies and procedures whereby BFE and its financial advisors will disclose the advantages/disadvantages of the retirement plan/IRA rollover options available to the client and will only recommend a rollover if it is in the best interest of the client.

## **Suitability of Brokerage Versus Advisory**

Because the wrap fee and other incidental fees that a client pays for maintaining an investment advisory account could cost more (or less) than the transaction-based commissions that would be paid for simply engaging in transactions in a brokerage account, a client should keep in mind the totality of what they are paying for, and their desire for those services.

Asset-based wrap fees are designed to better align a financial advisor’s interests with those of their client. Thus, if the market value of the advisory account’s assets increases, so will the financial advisor’s asset-based compensation. Conversely, if the market value of the advisory account’s assets decreases, so will the financial advisor’s asset-based compensation. In addition, asset-based fees also can reduce or eliminate the financial incentive that a financial advisor might have in a commission-based brokerage account to recommend transactions solely or primarily for the purpose of generating commissions for the financial advisor’s own benefit; conversely, advisors may have an incentive not to recommend transactions when they will receive compensation regardless of the level of activity in the account. Instead, the wrap fee is a way for a client who wishes to receive the benefits of ongoing portfolio monitoring and advice to compensate their financial advisor who believes that less frequent, or even no trading is appropriate for an extended period.

But there are situations where a client must recognize that a brokerage account might be economically advantageous, if the client is willing to forego the ongoing benefits of an advisory relationship. For example, if a client is solely interested in obtaining low-cost transactions, and anticipates engaging in comparatively fewer transactions or employing a buy-and-hold strategy; or anticipates engaging primarily in unsolicited (i.e., self-initiated) transactions; or anticipates holding positions in assets that a client might not wish to sell for an extended

period of time (such as positions that are maintained primarily for sentimental value; assets that have limited liquidity; or substantial positions in cash, money market funds or insured deposit products that are not expected to be invested for an extended time) then it could be in the client's financial interest to maintain those assets in a brokerage account instead, and forego the ongoing advice and monitoring that is available in an advisory account. Clients should assess for themselves the value of services obtained in a wrap fee advisory account versus the more limited relationship and services provided with a brokerage account.

For more information on the differences between brokerage and advisory accounts, including a side-by-side comparison, please see the document titled "[Comparing Brokerage and Advisory Accounts](#)" found under the "[Important Disclosures](#)" section of BFE's [website](#). You may also request a copy from your financial advisor.

### **Factors to Consider When Funding Advisory Accounts**

Portfolio managers generally require that accounts be initially funded with cash or eligible securities (i.e., securities that are permitted by the portfolio manager to be held in the account or program). In the event a client deposits securities to initially fund an advisory account that are ineligible, the securities will be promptly sold or, at the client's direction, will be held in a brokerage account so an advisory fee will not be charged for the position. While prompt liquidation of ineligible securities is required to immediately begin participating in the advisory program, clients should understand that, in the case of securities that are relatively less liquid (including most fixed income positions and certain equity positions), prompt liquidation will not necessarily generate the greatest possible proceeds contrasted with actively managing the sale over time. Clients who do not wish to make this trade-off should consider funding their advisory account with only eligible securities or cash.

Clients can leave eligible securities that they do not wish to sell, or that are not readily liquid, in an advisory account to receive comprehensive portfolio-based advice. Because a fee is charged on the market value of all assets held in an advisory account, including cash, money market funds and insured deposit products, clients should take this into consideration and discuss their personal situation with their financial advisor when making such a decision. Clients should keep in mind that holding substantial positions in assets such as cash, money market funds and insured deposit products that are not intended to have substantial price fluctuations, or that offer only limited return potential, might well be part of a financial advisor's portfolio-based investment strategy as a technique to cushion the effect of a downward market or to have assets available while waiting for investment opportunities in times of volatile or uncertain markets or governmental economic behavior.

### **Transactions Executed Away from Pershing**

Implementation and execution of transactions in advisory programs are conducted by BFE as an introducing firm on a fully disclosed basis through its clearing firm, Pershing. However, third-party asset managers associated with our advisory program have the option of executing transactions away from Pershing if they believe it is in the client's best interests to do so. This is frequently referred to as "trading away" or "step out trading." The asset manager – not BFE – decides as to when it trades with Pershing or away from Pershing. An asset manager's ability to trade away is not limited, as the asset manager's fiduciary duty to clients, as well as its expertise in trading its portfolio securities, makes the asset manager responsible for determining the suitability of trading away from Pershing.

The wrap fees disclosed previously in this document do not cover transaction charges or other charges, including commissions, markups and markdowns, resulting from transactions effected through or with a broker dealer other than Pershing, which is the custodian. In addition, some asset managers executing trades in U.S. Treasury securities will incur a system cost from the portal through which the trades are processed. As a result, these trades could be more costly than trades that execute with Pershing and could negatively affect the performance of the account. Further, the additional trading costs will not be reflected on clients' trade confirmations or account statements. Typically, the executing broker will embed the added costs into the transaction price, making it difficult to determine the exact added cost for transactions executed away from Pershing.

BFE does not receive additional fees when asset managers execute transactions away from Pershing.

Considering the additional charges that apply to step out transactions, the asset manager could determine that placing clients' transactions with Pershing is in clients' best interest. Alternatively, the asset manager may execute transactions with a broker-dealer firm other than Pershing if the asset manager believes that doing so is consistent with its obligation to obtain best execution.

Each asset manager's Form ADV Part 2A brochure should provide more information regarding that asset manager's brokerage practices and conflicts of interest, including any additional expenses that apply. In addition, BFE makes regular inquiries with the asset managers it sponsors in its investment advisory programs and summarizes the data it receives. For additional detail, please see the documents found under the "[Third-Party Asset Manager Trade Away Disclosure](#)" section of BFE's website, [benjaminfedwards.com](http://benjaminfedwards.com), (found by clicking "[Important Disclosures](#)", then "[Investment Advisory Program Disclosures](#)") or request a copy through your financial advisor.

### **Client Fee Processing in Advisory Wrap Accounts**

The annual fee for advisory wrap accounts, except for Investment Management Consulting (with Execution) accounts, is charged prorata each quarter in advance. The fee is calculated based upon the average daily market value of all assets under management in the account for the previous quarter, including all balances in cash, money market funds, and in BFE's Insured Deposit Program (for more information, please see the section titled "Compensation Associated with the Insured Deposit Program"), excluding any margin debit balances, if applicable, as determined by BFE or its partners. The average daily market value is the average closing balance of the account for each day in the quarter on which the U.S. equity markets are open. The fee will be deducted from the client's advisory account(s) (or a designated Benjamin F. Edwards brokerage account of the client) with the permission from the client.

Clients who join the program mid-quarter will be assessed a prorated fee for the quarter in which they joined. New accounts will be billed from the date the account is initially funded through the end of the current quarter. The initial fee will be charged at the account opening, paying fees in advance thru the end of the quarter. In the event the account is terminated mid-quarter, BFE will refund the prorated portion of the client's prepaid fees upon termination of the client advisory agreement; however, if an advisory wrap account is terminated within the first 12 months, BFE reserves the right to refund the client's prepaid fees to BFE less any reasonable expenses associated with opening, positioning, maintaining, and terminating the account.

Under certain circumstances, BFE permits advisory program assets to be held with a custodian other than Pershing. This would occur, for example, in connection with positions in alternative investments that must be held with the issuer of the securities. In such situations, BFE will invoice the client separately on a quarterly basis for the appropriate amount of the advisory fee attributable to the position. The amount of the fee will be determined by BFE based on information reasonably believed to reflect the value of the asset where it is held. The client will be asked to sign a Letter of Authorization to permit BFE to deduct the fee from the client's account separately. At the time the fee is deducted from the account, BFE will send a separate notification to the client reflecting the amount of the fee. The client should verify the fee using information the client receives from the party that holds the asset and, if there are questions, present them to their financial advisor.

### **Miscellaneous Disclosures**

BFE does not sell insurance products as part of its advisory wrap account programs.

In some cases, BFE has a separate brokerage relationship with persons who are also investment advisory clients of BFE. As an investment adviser, BFE owes a heightened standard of fiduciary care when providing investment advice to the client than when acting as a broker-dealer. In a brokerage relationship, the broker-dealer acts either as principal or agent when effecting transactions with clients and typically receives compensation in connection

with such transactions. Brokerage and investment advisory accounts are not commingled; transactions in both brokerage and advisory accounts are disclosed or reported to the client.

A conflict of interest arises where BFE would receive both commissions and fees in situations where brokerage and advisory services are provided. It is BFE's policy, subject to certain exceptions, to refund commissions on transactions executed within a brokerage account that would have been more appropriately completed in an advisory account where no commission would be charged. In the case of securities sold by prospectus, BFE will reduce the amount of the advisory fee to account for the sales charge previously paid.

BFE employees, including access persons, are permitted to participate in any of the advisory programs offered by BFE and thus will own the same securities owned by advisory clients. In addition, BFE employees, including financial advisors who are advising clients in the Benjamin F. Edwards Client Portfolios Program and the Benjamin F. Edwards Private Portfolios Program, are permitted to engage in transactions alongside clients, including purchasing securities that they are advising clients to sell, and selling securities that they are advising clients to purchase. In most cases, such "contrary" transactions are limited to special circumstances, such as to pay for educational, medical, or unanticipated significant expenses; however, the Firm permits such transactions in certain other situations.

### **Financial Planning Fees**

The method by which BFE will be compensated for preparing a financial plan varies based on the needs of the client and the nature of planning activity that is contemplated and may be based on a flat fee or hourly rate. For a typical financial plan, individual financial advisors may charge a flat fee as agreed upon by the financial advisor and the client, or an hourly rate of \$300. The flat fee and hourly rate are fully negotiable, taking into consideration a variety of factors, including the anticipated complexity (or simplicity) of the plan; other holdings and accounts maintained by the client; prospective future business anticipated with BFE; the totality of other relationships with the client (e.g., family members, business accounts, etc.); or other factors that may be pertinent in given cases. For any fee agreement that is in excess of \$10,000 (whether by flat fee or hourly rate), the financial advisor must receive approval for such fee by the Manager of Wealth Planning Strategies. The Manager of Wealth Planning Strategies shall review the fee proposal, the overall client situation and the contemplated deliverable plan to assess the reasonableness of the proposed fee.

If a flat fee is to be paid, the client will be charged in full in advance. If an hourly rate is to be paid, the financial advisor will estimate the number of hours to complete the plan and the client will be charged 50% of the estimated fee in advance. Upon completion and delivery of the plan, the remaining balance will be charged. Payment may be made by writing a check payable to Benjamin F. Edwards & Co. or by authorizing a deduction from a BFE account.

If a client elects to terminate the financial planning relationship prior to completion of the plan, the client will receive a refund of the amount paid, less any time expended by BFE at an hourly rate of \$300.

Financial plans are considered final when delivered, and the formal financial planning relationship is concluded at that time. If a client wishes for an update or reassessment of the plan to be prepared, BFE and the client would generally enter into a new financial planning arrangement.

The BFE financial planning program does not cover the implementation of any financial plan recommendations. A client who wishes to implement the recommendations made in a financial plan may do so through BFE or with other brokers, agents or investment advisers that are not affiliated with us. Should a client desire to implement the financial plan through BFE, the client will pay any applicable charges, including commissions and/or fees, depending on the nature of the account, and as described elsewhere in this document.

## Retirement Plan Consulting and Investment Management Consulting Services

Fees for Retirement Plan Consulting and, Investment Management Consulting services, are generally charged quarterly, in advance, based on a percentage of assets under management as valued at the end of the calendar quarter. The value of assets under management will ordinarily be determined by reference to the custodian's valuation. If the services agreement is terminated on a date other than the last day of the calendar quarter, BFE will normally be entitled to a pro rata share of fees based on the actual number of days of the then-current calendar quarter ending on the termination date divided by the total number of days in the calendar quarter. The fee is non-standardized, fully negotiable, and will depend on the number, types, frequency and duration of services provided. Payment terms are also fully negotiable. If limited, one-time services are desired, BFE is willing to negotiate a fixed fee based on the scope of services to be provided.

When BFE provides non-fiduciary educational services as a subcontractor to non-affiliated third-party investment advisors, BFE will not charge fees directly but rather, fees will be set and charged by the third-party investment advisors. The third-party investment advisors will in turn pay BFE directly as part of the subcontracted relationship.

## Plan Participant Advisory Services

As described above in Item 4 Advisory Business, BFE offers clients various advisory services through the Plan Participant Advisory Services ("PPAS") program for Plans held outside of BFE. There are two options in the PPAS program, PPAS discretionary investment management services and PPAS non-discretionary consulting services.

Fees for PPAS discretionary investment management services are generally charged quarterly, in advance, based on a percentage of assets under management or advisement (as of the last business day in the previous quarter) in accordance with the fee schedule below. The initial fee is due at the start of the agreement and will be prorated for the remainder of the quarter. Services will not be provided until initial payment is made. There is no minimum initial account size for the PPAS discretionary investment management program.

*The ongoing annual fee for the PPAS discretionary investment management service is as follows:*

- First \$250,000 in assets = 1.75%
- Next \$250,000 in assets = 1.50%
- Next \$500,000 in assets = 1.25%
- Amounts greater than \$1,000,000 = 1.00%
- Minimum fee of \$125

For ongoing PPAS non-discretionary consulting services, Client will be charged an annual flat fee or an annual fee based on the total value of the Client's Plan, subject to a minimum dollar charge of \$200. Notwithstanding the foregoing, the fee shall not exceed 1% of the Client's Plan value. This initial fee will be based on the value stated on the Client's most current statement. The initial fee is due at the time of the agreement and will be pro-rated for the remainder of the calendar year. Services will not be provided until initial payment is made. For subsequent years, the annual fee will be based off of year-end statements to be provided by the client each year. Client will be charged annually in January for services to be provided in that calendar year. Services will cease if payment is not received. If account is terminated mid-year, the consideration of a rebate of fees will be evaluated on a case-by-case basis based on the services already provided in that year.

For one-time PPAS non-discretionary consulting services, Client will be charged a one-time fee, subject to a minimum dollar charge of \$200. Notwithstanding the foregoing, the fee shall not exceed 1% of the Client's Plan value. This fee will be based on the value stated on the Client's most current statement. The fee is due at the time of the agreement. Services will not be provided until payment is made. The agreement will terminate upon completion of the agreed-upon services.

## **Compensation**

The following details the portion of the fee that is paid to the portfolio manager of each program:

**Benjamin F. Edwards Discretionary Investment Advisory Program** – Manager fees vary and depend on the portfolio manager and its associated fees. The details specific to the various types of portfolio manager is as follows:

- **BFE as portfolio manager** – BFE’s management fees vary by strategy and range from 0% to 0.50%, which is built into the total wrap fee. Portfolio managers are not paid a portion of the management fee, but instead are salaried employees of BFE. The management fee is retained by the Firm to offset the costs of administering and supporting the strategies.
- **BFE financial advisor as portfolio manager** – The financial advisor is paid as described further down in this section in the paragraph titled “Financial Advisor Compensation”.
- **Third-party asset manager as portfolio manager** – Manager fees vary but range from 0.12% to 0.90% of assets managed, which is built into the total wrap fee. In instances where a third-party is trading on behalf of the manager, they are paid a fee based on the value of the assets under management which is also built into the wrap fee.

**Benjamin F. Edwards Non-Discretionary Investment Advisory Program** – The financial advisor is paid as described further down in this section in the paragraph titled “Financial Advisor Compensation”.

The following details the portion of the fee that is paid to the portfolio manager of each legacy program:

**Benjamin F. Edwards Mutual Fund Portfolios** – Management fees are based on the value of assets under management and are built into the advisory fee. Portfolio managers are not paid a portion of the advisory fee, but instead are salaried employees of BFE. The management fee is retained by the Firm to offset the costs of investment management and research.

**Benjamin F. Edwards Mutual Fund Model Strategies** – Russell Investments or American Funds does not receive a portion of the advisory fees, but instead is compensated via the internal expenses of the funds held.

**Benjamin F. Edwards Active Passive Portfolios** – Management fees are based on the value of assets under management, which are built into the advisory fee. Portfolio managers are not paid a portion of the advisory fee, but instead are salaried employees of BFE. The management fee is retained by the Firm to offset the costs of investment management and research.

**Benjamin F. Edwards Exchange Traded Fund Portfolios** – Manager fees vary but range from 0% -0.30%. Where a manager does not receive a portion of the advisory fees, they are instead compensated via the internal expenses of the exchange traded funds held. For the BFE ETF Portfolios, the portfolio managers are not paid a portion of the advisory fee, but instead are salaried employees of BFE. BFE’s management fee is retained by the Firm to offset the costs of investment management and research.

**Benjamin F. Edwards Equity Portfolios** – Management fees are based on the value of assets under management and are built into the advisory fee. Portfolio managers are not paid a portion of the advisory fee, but instead are salaried employees of BFE. The management fee is retained by the Firm to offset the costs of investment management and research.

**Benjamin F. Edwards Custom Mutual Fund Portfolios** – The financial advisor is paid as described further down in this section in the paragraph titled “Financial Advisor Compensation”.

**Benjamin F. Edwards Client Portfolios** – The financial advisor is paid as described further down in this section in the paragraph titled “Financial Advisor Compensation”.

**Benjamin F. Edwards Private Portfolios** – The financial advisor is paid as described further down in this section in the paragraph titled “Financial Advisor Compensation”.

**Benjamin F. Edwards Separately Managed Portfolios** – Manager fees vary but range from 0.12% to 1.25% of assets managed, which is built into the total wrap fee. In instances where a third-party is trading on behalf of the manager, they are paid a fee based on the value of the assets under management, which is also built into the wrap fee.

**Benjamin F. Edwards Unified Managed Account** – Manager fees vary but range from 0.00% - 0.50% of assets under management and are paid in addition to the advisory fee. In instances where BNY Mellon Advisors is serving as overlay manager, they are paid a fee based on the value of assets under management, which is built into the sponsor fee and advisory fee.

**BNY Mellon Target Risk Portfolios** – BNY Mellon Advisors’ manager fees vary but range from 0.20% - 0.40% of the value of assets under management, which is built into the advisory fee.

### **Financial Advisor Compensation**

Financial advisors of BFE will receive a maximum of 50% of the wrap fees paid by advisory clients to compensate them for services which may include solicitation, shareholder support, advice, order placement and execution, and other services. In addition to the wrap fee, financial advisors are eligible for other compensation awards including bonuses, recognition trips, and other benefits. Some of these programs are financed in whole or in part by unaffiliated third parties, including representatives of mutual funds or distributors, which may influence some financial advisors and portfolio managers to favor those funds. The compensation received for a particular advisory portfolio program may be more than what the financial advisor would receive if the client participated in other BFE advisory portfolio programs or paid separately for investment advice, brokerage, and other services, and hence, may influence the recommendation of a particular advisory portfolio program over other programs or services.

## **Item 6 - Performance-Based Fees and Side-By-Side Management**

This is not applicable to BFE as none of BFE’s supervised persons accept performance-based fees.

## **Item 7 - Types of Clients**

### ***Types of Clients***

BFE provides advice to a wide variety of clients including but not limited to:

- Individuals
- Pension and profit-sharing plans
- Trusts, estates, and charitable organizations
- Corporations and other business entities
- Public entities and other governmental organizations
- Educational institutions
- Investment clubs
- Foundations and other charitable or fraternal organizations

## **Account Requirements**

The minimum account size for each wrap fee program is as follows:

**Discretionary Investment Advisory Program** – The minimum account size varies depending on the manager and strategy selected. Details are as follows:

- **Strategies with BFE as portfolio manager** – Ranges from \$5,000 to \$160,000
- **Strategies with BFE financial advisor as portfolio manager** – Ranges from \$25,000 for mutual fund or ETF only strategies to \$40,000 for equity strategies
- **Strategies with third-party asset manager as portfolio manager** – Ranges from \$10,000 to \$25,000 for mutual fund or ETF only strategies. Other minimums vary by manager but are most commonly \$100,000

**Non-Discretionary Investment Advisory Program** – Ranges from \$25,000 for mutual fund or ETF only strategies to \$40,000 for equity strategies

Please note that with respect to “minimum account size” BFE may, under exceptional circumstances, consider permitting accounts having asset values lower than the indicated minimum account size to participate in the programs. Such circumstances might include whether the account is a transfer account, alignment with investment philosophy, or possible effects of market activity.

## **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

A variety of methods of analysis and investment strategies are utilized by affiliated and non-affiliated portfolio managers in the BFE sponsored advisory programs. BFE’s advisory programs employ several methods of analysis, including but not limited to charting, fundamental analysis of a company’s financials and technical analysis of market activity. Within each method of analysis, portfolio managers may employ a variety of time-horizon outlooks, including long-term strategic, intermediate cyclical or short-term tactical.

Regardless of the method of analysis and investment strategy, the investment advisory programs involve investing in securities which contain a risk of loss of principal that the client should be prepared to bear. All securities are subject to risk, and there is no assurance that any investment program or strategy will be successful.

In addition to the risks associated with investing in securities, no method of analysis will always yield positive results. For example, while fundamental analysis might indicate that a particular company is “fairly valued,” market sentiment may nevertheless result in unexpected investment performance. Similarly, while technical analysis or charting might suggest that a particular company presents a good buying opportunity, its financial performance might cause investors to view the security differently. Depending on the portfolio manager, adherents to each method of analysis may look only to the information relevant to his or her method of analysis, to the exclusion of other information.

Investment strategies that employ diversified models may involve investing in multiple market sectors or asset classes. This diversified approach to investing has the potential to take advantage of the fact that different sectors or asset classes often perform in different ways at different times. This characteristic may yield either positive or negative results, depending on market conditions, or the overall breadth of the market’s impact on multiple asset classes or sectors.

In addition, some particular investment styles focus on market sectors or classes of securities and carry additional risks. Even models that are more broadly diversified in their exposure to market sectors or asset classes are exposed to the underlying risks associated with those sectors or classes. For example, investors should be aware of the following:



- Equity strategies, including investing in individual companies, equity mutual funds or ETFs, involve investments in common stocks and are subject to the volatility and individual risks associated with those stocks;
- Real estate investment trusts or funds are subject to risks of the specific commercial or housing market in which the assets are invested, as well as interest rate risk;
- Small Cap and Emerging Market securities tend to be more volatile relative to the overall market;
- Bonds may “guarantee” return of principal if held to maturity, but any guarantee remains subject to the creditworthiness of the guarantor and, prior to maturity, the bond remains subject to interest rate, inflation and credit risks;
- Bond funds of all types are subject to the various risks of the underlying fixed income instruments in the fund, and there is no fixed maturity date;
- High Yield bonds expose the investor to investments in lower credit quality securities and hence risk of default and higher volatility;
- Tax-Exempt bonds may or may not provide returns higher than the after-tax returns of taxable bonds, so investors should consider their tax bracket and state of residence;
- International/Global/Foreign securities expose the investor to currency risk and political, social and economic risks of the countries in which the securities are domiciled, in addition to the equity or debt nature of the securities involved.
- Options strategies introduce additional elements of complexity regarding timing of market decisions and liquidity of positions. Investors considering programs that involve the use of options should carefully review and understand the Options Disclosure Document (“Characteristics and Risks of Standardized Options”) prepared by the Chicago Board Options Exchange (“CBOE”), which will be provided by BFE.
- The alternative investment asset class broadly includes vehicles such as derivatives, hedge funds, currencies, managed futures, commodities, private equity, multi-strategy funds, and strategies that seek to take advantage of interest rate movements, currency carry, merger arbitrage, convertible arbitrage, short sales, use of leverage, and other techniques. Alternative investment vehicles and strategies may be used by certain investment company portfolio managers (including open- and closed-end funds, ETFs, and UITs). Those vehicles and strategies vary widely and can directly or indirectly subject investors to a variety of risks including, but not limited to, market risk, interest rate risk, credit and counterparty risk, liquidity risk, and foreign-currency exchange-rate risk among others, depending on the investment.
- Exchange Traded Funds and Notes (“ETFs” and “ETNs”) are typically designed to track the performance (and sometimes the inverse) of a benchmark index or commodity, sometimes with leverage. ETFs and ETNs are subject to tracking error risk (meaning performance that varies in amount and possibly direction from the target benchmark index or commodity) and liquidity risk, in addition to the risks associated with the benchmarked products.

It is not possible to enumerate all possible risks associated with each of the asset classes and market sectors listed above. Clients should feel free to ask their financial advisor to discuss any of these in more detail. In addition, clients should refer to the investment advisory disclosure brochure prepared by specific third-party asset managers under consideration for a detailed explanation of the nature and risks of the program being evaluated, including the use of any of the asset classes and market sectors above.

Some models are based on use of mutual funds and/or Exchange Traded Funds. These financial instruments are securities that are sold by prospectus. While funds in the advisory programs may be selected by the portfolio manager, investors should read the prospectus, and summary prospectus if available, carefully to fully understand the various risks, investment objectives, charges/expenses and other information about the fund company associated with the investment.

Participants in BFE’s wrap-fee advisory programs do not pay additional charges based on the frequency of trading in their account. However, higher-frequency trading strategies may increase the likelihood that tax consequences may be short-term in nature, and result in a higher tax cost, and hence, lower net performance.

## Item 9 - Disciplinary Information

On November 13, 2020, an [Order Instituting Administrative and Cease-and-Desist Proceedings](#) (the “Order”) was entered by the U.S. Securities and Exchange Commission (“SEC”) against BFE. The Order focuses on the sale of two volatility-linked complex exchange traded products (“Complex ETPs”) whose returns are designed to track CBOE Volatility Index futures. The SEC concluded that between January 1, 2016 and March 31, 2020 (the “Period”) BFE failed to reasonably supervise certain of its financial advisors who made unsuitable recommendations to clients to buy and hold the Complex ETPs for extended periods even though the Complex ETPs were designed for short-term holding periods. Furthermore, the BFE financial advisors failed to make a reasonable determination that the Complex ETPs were suitable for their clients based on the clients’ investment objectives, risk tolerance and financial condition. During the Period, BFE failed to reasonably implement supervisory policies and procedures to detect and prevent the financial advisors from making unsuitable recommendations to its clients.

Without admitting or denying the findings in the Order, BFE consented to the following:

- The Firm shall cease and desist from committing or causing any violations and future violations of Sections 206(4) and 206(4)-7 of the Investment Advisers Act of 1940
- The Firm is censured for failing to properly supervise
- The Firm shall pay disgorgement, prejudgment interest, and a civil monetary penalty totaling \$685,134.36, broken down as follows:
  - Disgorgement of \$31,417.62 shall be paid, which represents commissions and advisory fees earned on the investments in the Complex ETPs
  - prejudgment interest of \$3,716.74 shall be paid
  - A civil monetary penalty of \$650,000 shall be paid

BFE has made remedial efforts to address the issues described in the Order. In December 2018, BFE adopted and implemented the first of a series of additional policies and procedures for complex securities, including those listed in the Order. The enhancement of the policies and procedures are designed to provide greater assurance that the Firm and its financial advisors analyze and understand complex products. BFE’s remedial efforts also include prohibiting the sale of all volatility-linked Complex ETPs.

On February 12, 2018, the U.S. Securities and Exchange Commission (“SEC”) announced a self-reporting initiative in which investment advisers could work with the SEC to resolve issues surrounding the selection of certain mutual fund share classes in advisory accounts. Known as the Share Class Selection Disclosure Initiative (“SCSDI”), it allowed firms to report to the SEC on a voluntary basis information pertaining to the costs associated with certain mutual fund share classes that were purchased, recommended, and held for clients. More specifically, this focused on share classes used in advisory accounts that levied 12b-1 fees to clients when lower-cost share classes without such fees were readily available. In June of 2018, BFE began its participation in the SCSDI and cooperated with the SEC throughout the process.

As a result of BFE’s participation in the SCSDI, on March 11, 2019, BFE consented to the entry of an [Order Instituting Administrative and Cease-and-Desist Proceedings \(“Order”\) by the SEC](#). The Order is concentrated on BFE’s use of mutual fund share classes in accounts held within the Firm’s advisory programs during the period January 1, 2014 to July 10, 2018 (the “Period”). The SEC concluded that during the Period, BFE purchased, recommended, or held for advisory clients share classes of mutual funds which levied 12b-1 fees instead of lower-cost share classes of the same mutual funds for which clients were eligible. The Order further highlighted the Firm’s inadequate disclosure material that would have been designed to inform investors of the fees associated with certain mutual fund share classes.

Without admitting or denying the findings in the Order, BFE consented to the following:

- The Firm shall cease and desist from committing or causing any violations and future violations of Sections 206(2) and 207 of the Investment Advisers Act of 1940
- The Firm is censured

- The Firm shall pay disgorgement of \$3,151,205.81 and prejudgment interest of \$294,058.93 to advisory clients impacted by the details in the order

To resolve the issues contained Order, BFE has implemented new policies and procedures related to the selection of mutual fund share classes. BFE's investment adviser representatives are prohibited from selecting mutual funds which levy 12b-1 fees to clients whenever possible. In situations where a client is charged 12b-1 fees, BFE will ensure those fees are promptly rebated to clients.

## Item 10 - Other Financial Industry Activities and Affiliations

In addition to being a registered investment adviser, BFE is engaged in a variety of investment-related business activities. BFE is registered as a broker-dealer and its management persons are registered representatives of the broker-dealer. In addition, BFE is also a member of the National Futures Association as an Independent Introducing Broker ("IIB") and some of its management personnel are associated persons of the IIB. BFE is also licensed as an insurance agency and sells a wide variety of insurance products.

### ***Benjamin Edwards, Inc. ("BEI") Shareholders***

The following individuals/entities have made a private investment in the equity securities of BEI, the holding company of BFE:

- The CEO/CIO of Confluence Investment Management LLC, who offers various investment company products that can be purchased through BFE and is one of the third-party asset managers available for clients to select in the Separately Managed Portfolios program as well as a model provider for the Exchange Traded Fund Portfolios program.
  - As part of his professional responsibilities with Confluence Investment Management LLC, he is involved in making investment decisions concerning portfolios of individual clients.
- A trust, of which a portfolio manager for Confluence Investment Management LLC is a beneficial owner.
  - As part of his professional responsibilities with Confluence Investment Management LLC, he is involved in making investment decisions concerning portfolios of individual clients.
- A Sales Representative from Dearborn Partners, a third-party asset manager available on BFE's Separately Managed Portfolios program and offers a mutual fund that can be purchased through BFE and in Advisor Directed advisory programs.
- A Regional Vice President of LoCorr Funds, a mutual fund family utilized in the Mutual Fund Portfolios program and an investment that is available in other BFE advisory programs.
- Alpine Partners Management, LLC, the General Partner of a pooled investment fund controlled by (CEO/CIO) of ACR Alpine Capital Research, LLC ("ACR"), a third-party asset manager that is available for clients to select in the Separately Managed Portfolios program. The fund that invested in BEI is not currently offered to BFE's clients. Additionally, ACR offers open-end mutual funds which may be utilized through BFE and in some of our advisory programs.
- The National Accounts representative of Focus Distribution, who distributes for Miller Howard Investments, a third-party asset manager available on BFE's Separately Managed Portfolios program and offers a closed-end fund that can be purchased through BFE and in Advisor Directed advisory programs.

These individuals are not employees of, and will have no managerial or decision-making role with, BFE or its affiliates. As part of their professional responsibilities, however, it is anticipated that they will meet with employees of BFE to promote the services and benefits available by placing investment assets under the management of their firms. These individuals may receive compensation from the firm that is based, at least in part, on money management fees paid to the firm arising from investments through firms such as BFE. Because of these individuals' ownership interest in and their professional duties involving sales services to BFE, a conflict of interest could potentially arise particularly if both firms were to negotiate asset management fees payable to the firm that are more favorable than what might otherwise be paid by firms similarly situated with BFE, or if BFE were

to determine to include or retain the firm on the BFE's programs under circumstances wherein other money management firms would not be permitted to be included or to remain.

These individuals will have no role in negotiating asset management fees payable by BFE to their firm. Further, BFE and its representatives will not receive any additional or different sales compensation in connection with recommendations to clients concerning the firms versus any other asset manager under comparable circumstances. In addition, the firms and these individuals will not receive any additional or different compensation in connection with client investments placed the firm through BFE versus those of any other investment firm similarly situated.

Additionally, the Chief Executive Officer and Chief Investment Officer for Confluence Investment Management LLC is a member of the board of directors and has made a private investment in the equity securities of BEI.

As a member of the board of directors, he will be involved in the development of strategy, policy and other important matters affecting Benjamin Edwards, Inc., including its affiliates. He is also compensated for his service as a board member of BEI on the same terms as the other board members.

The Senior Manager of Advisory & Investments Solutions receives compensation as Investment Adviser Representatives for some clients. Additionally, she is the 2<sup>nd</sup> cousin once removed of a Portfolio Manager at ACR Alpine Capital Research, LLC ("ACR"), a third-party asset manager that is available for clients to select in the Separately Managed Portfolios program.

## **Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### ***Code of Ethics***

BFE has adopted an ethics policy that applies to all supervised persons of BFE except for items specifically identified as being applicable only to access persons. All employees, officers, and directors of BFE (or any person performing similar functions) are subject to BFE's supervision and control and are considered Supervised Persons. This includes registered and non-registered persons but does not include independent contractors. Certain categories of associated persons are considered under the policy to be "access persons" within the meaning of Rule 204A-1 of the Investment Adviser's Act of 1940.

The policy requires all supervised persons of BFE to conduct themselves according to the highest ethical standards, in accordance with the Firm's culture and in accordance with the standard of care that we owe to our clients. The policy further requires all supervised persons of the Firm to adhere to applicable securities laws, regulations, and rules. The policy further requires all supervised persons to be vigilant with respect to any actual or potential conflict of interest that could affect one's judgment or decision-making.

All supervised persons are required to maintain their securities accounts at BFE, unless an exception is specifically approved in writing. In addition, no access person is permitted to invest in any private placement or initial public offering ("IPO") unless an exception is specifically approved in writing in advance. Access persons also are required to periodically disclose all securities accounts and holdings other than with respect to accounts held at BFE. Access persons are further required to periodically disclose all securities transactions other than with respect to accounts held at BFE. Access persons are further required to provide a consolidated annual holdings report of all securities accounts, including those held at BFE. Supervised persons are permitted to participate in the same advisory programs that are offered to public clients on the same terms.

Where a financial advisor is serving as their client's portfolio manager, the financial advisor is permitted to engage in equity or fixed income transactions contrary to those of their clients on the same trading day (e.g., may sell a

stock that is being purchased for clients). In such situations, a conflict of interest could arise if a financial advisor engages in transactions on behalf of clients that would benefit the financial advisor, such as when he or she might purchase a large quantity of securities for clients, potentially causing the price of those securities to increase, and then sells his or her own securities. BFE addresses this situation by limiting such transactions to situations involving unanticipated extraordinary expenses, transactions necessary to fund large purchases (such as a car or home), or purchase transactions contrary to unsolicited client sell orders. In appropriate circumstances, the Firm may approve other contrary transactions upon individual review.

In addition, where a financial advisor is serving as their client's portfolio manager, the financial advisor is permitted to engage in equity or fixed income transactions that they simultaneously or subsequently recommend to clients (i.e., may purchase or sell a stock at the same time a client is purchasing or selling). In such situations, the larger quantity of securities being purchased or sold could impact on the price clients receive. Depending on market conditions, this could have either a positive or negative impact. BFE addresses this situation by requiring a financial advisor to not receive a better price than any solicited client trades on the same trading day. In appropriate circumstances, BFE may approve exceptions upon individual review.

### **Review and Oversight of Securities Holdings and Transactions Accounts**

Holdings and transactions are required to be supervised by the access persons' immediate supervisory principal. Oversight of such reviews is to be conducted by BFE's Compliance Department.

### **Requirement to Report Violations of Ethics Policy**

All supervised persons are required to report violations of the ethics policy to their immediate supervisor or to BFE's Compliance Department. If a report is made to an immediate supervisor or Compliance Department personnel other than the Chief Compliance Officer, the person receiving the report must ensure the violation is brought to the attention of the Chief Compliance Officer.

### **Provision of Policy to Access Persons; Requirement to Certify Receipt of Ethics Policy**

The ethics policy, as well as any amendments or updates, must be provided to all supervised persons, who must attest having received it. Periodic re-certification may be required by the Compliance Department with respect to receiving any amendments of the policy.

A copy of BFE's Code of Ethics will be provided to a client or prospective client upon request.

## **Item 12 - Brokerage Practices**

As noted previously above, BFE is a registered investment adviser and a broker-dealer. BFE introduces all of its equity orders to its clearing firm, Pershing, which are subject to Pershing's duty of best execution; however, asset managers associated with two investment advisory programs (Benjamin F. Edwards Separately Managed Portfolios, and Benjamin F. Edwards Unified Managed Account) have the option of executing transactions away from Pershing if they believe it is in the client's best interests to do so. In some cases, the unaffiliated broker-dealer imposes a commission or mark-up or mark-down (which may be embedded in the price of the security) for executing the trade. As a result, these trades could be more costly than trades that execute with Pershing. BFE may execute fixed income transactions directly with firms other than Pershing, although Pershing will clear, settle and report those trades, as applicable, on BFE's behalf.

BFE receives no soft-dollar compensation.

No client referrals are received as a result of selecting or recommending a broker-dealer.

Under normal circumstances, purchase or sale orders of the same security being traded at the same time for more than one discretionary account will be combined by the portfolio manager for the accounts involved. Orders will normally not be combined for transactions involving nondiscretionary accounts.

## Item 13 - Review of Accounts

At account opening, client documents are reviewed for consistency, suitability criteria and strategy selection. Supported by the Home Office, approval of account openings is performed by an appropriately designated sales principal.

At least annually, a Home Office designated supervision principal will ensure that the financial advisor conducts a review of the client's overall progress with respect to the account. During these reviews, the client's general financial circumstances and desire for any reasonable investment restrictions will be assessed, and recommendations as to adjustments to the client's investment strategy will be made as necessary.

### ***Benjamin F. Edwards Current Investment Advisory Programs***

The frequency and depth of additional reviews depend upon the program, manager and strategy selected; details are as follows:

**BFE as portfolio manager** – For strategies containing mutual funds and ETPs, rebalancing will be handled by BFE or our partners. The account will be rebalanced to align with the strategy's target asset and fund allocation percentages on a periodic basis selected by the client in the advisory agreement. The default will be annual, but semi-annual is also an option. In addition, the account will be rebalanced when deposits and withdrawals occur. Trades will be done if the trade amount of the mutual fund is not less than five basis points times the size of the account, or if the trade amount of the ETP is not less than one share. Quarterly, the performance of the mutual funds used in the strategies will be reviewed by BFE's Investment Strategy Committee to ensure continued adherence to BFE's qualitative standards. In addition, a review will be conducted as needed by BFE based on potentially significant developments that may affect the operations or management of the fund (e.g., change of fund manager, corporate reorganizations, etc.). Adjustments will be made as needed to individual accounts based on the outcomes of the reviews.

Strategies containing ETPs only are managed internally by BFE employees. An annual review of the strategic asset allocation and the securities used in the models will be performed. The accounts will be rebalanced annually in accordance with this review.

Strategies containing equities are managed internally by BFE employees. Trading will be handled by BFE or our partners. The accounts will be monitored for individual equity position sizes and sector exposures with trades occurring when positions in the portfolio are out of acceptable ranges per the stated strategy. The portfolio is primarily managed by the lead portfolio manager with oversight by BFE's Investment Strategy Committee. The Investment Strategy Committee ensures that the portfolio is being managed within the bounds of the stated investment process and to make recommendations for refinements to the process as needed. The Committee will meet a minimum of four times a year, with additional meetings as needed. At these quarterly and ad hoc meetings, the equity positions will be reviewed for continued inclusion in the model or if any swaps need to occur. Portfolio management decisions will be largely driven by a combination of a quantitative model output and risk management principles.

**BFE financial advisor as portfolio manager** – During the life of the account, the Home Office Principal will monitor accounts to ensure activity is suitable and that the account is properly administered. Various reviews will be performed on a daily, monthly, quarterly, or annual basis. In addition, ad hoc reviews will be performed as needed.

**Third-party asset manager as portfolio manager** – Quarterly, the third-party asset managers in the program will be reviewed by a member of the firm’s Investment Strategy Committee to ensure continued adherence to our standards. In addition, a review will be conducted as needed based on potentially significant developments that may affect the operations or management of the asset manager or strategy (e.g., change of portfolio manager, corporate reorganizations, etc.). Both of which will be in coordination with the Investment Strategy Committee.

Adjustments will be made to the asset managers’ status in the program as needed and individual accounts will be addressed accordingly based on the outcomes of the reviews.

### ***Benjamin F. Edwards Legacy Investment Advisory Programs***

The frequency and depth of additional reviews depend upon the legacy program; details for each legacy program are as follows:

**Benjamin F. Edwards Mutual Fund Portfolios** – Rebalancing will be handled by BFE or our partners. The account will be rebalanced to align with the model’s target asset and fund allocation percentages on a periodic basis selected by the client in the advisory agreement. The default will be semi-annual, but annually is also an option. In addition, the account will be rebalanced when deposits and withdrawals occur. Trades will be done if the trade amount of the security is not less than five basis points times the size of the account.

Quarterly, the performance of the mutual funds used in the models will be reviewed by BFE’s Investment Strategy Committee to ensure continued adherence to BFE’s qualitative standards. In addition, a review will be conducted as needed by BFE based on potentially significant developments that may affect the operations or management of the fund (e.g., change of fund manager, corporate reorganizations, etc.). Adjustments will be made as needed to individual accounts based on the outcomes of the reviews.

**Benjamin F. Edwards Mutual Fund Model Strategies** – Rebalancing will be handled by BFE or our partners. The account will be rebalanced to align with the model’s target asset and fund allocation percentages on a periodic basis selected by the client in the advisory agreement. The default will be semi-annually, but annually is also an option. In addition, the account will be rebalanced when deposits and withdrawals occur. Trades will be done if the trade amount of the security is not less than five basis points times the size of the account.

The models are implemented per the recommendations of the third-party asset managers serving as model providers. Quarterly, the performance of the Model Strategies will be reviewed by BFE’s Investment Strategy Committee to ensure continued adherence to BFE’s qualitative standards.

The model providers will monitor the allocations and funds used in the models. BFE will be notified of any changes to the model strategies. Adjustments will be made as needed to individual accounts based on the changes to the models.

**Benjamin F. Edwards Active Passive Portfolios** – Rebalancing will be handled by BFE or our partners. The account will be rebalanced to align with the model’s target asset and fund allocation percentages on a periodic basis selected by the client in the advisory agreement. The default will be semi-annually, but annually is also an option. In addition, the account will be rebalanced when deposits and withdrawals occur. Trades will be done if the trade amount of the mutual fund is not less than five basis points times the size of the account, or if the trade amount of the equity is not less than one share.

Quarterly, the performance of the mutual funds and ETFs used in the models will be reviewed by BFE’s Investment Strategy Committee to ensure continued adherence to BFE’s qualitative standards. In addition, a review will be conducted as needed by BFE based on potentially significant developments that may affect the operations or management of the fund (e.g., change of fund manager, corporate reorganizations, etc.). Adjustments will be made as needed to individual accounts based on the outcomes of the reviews.

**Benjamin F. Edwards Equity Portfolios** – The BFE Equity Portfolios are managed internally by BFE employees. Trading will be handled by BFE or our partners. The accounts will be monitored for individual equity position sizes and sector exposures with trades occurring when positions in the portfolio are out of acceptable ranges per the stated strategy.

The portfolio is primarily managed by the lead portfolio manager with oversight by BFE’s Investment Strategy Committee. The Investment Strategy Committee ensures that the portfolio is being managed within the bounds of the stated investment process and to make recommendations for refinements to the process as needed. The Committee will meet a minimum of four times a year, with additional meetings as needed. At these quarterly and ad hoc meetings, the equity positions will be reviewed for continued inclusion in the model or if any swaps need to occur. Portfolio management decisions will be largely driven by a combination of a quantitative model output and risk management principles.

**Benjamin F. Edwards Exchange Traded Fund Portfolios** – The BFE ETF Portfolios are managed internally by BFE employees. An annual review of the strategic asset allocation and the securities used in the models will be performed. The accounts will be rebalanced annually in accordance with this review. The other models in this program are provided by the third-party asset managers with whom BFE partners. Quarterly, the performance of the managers will be reviewed by BFE’s Investment Strategy Committee to ensure continued adherence to BFE’s qualitative standards. The third-party asset managers used in this program also regularly review the allocations and ETFs used in their models; the reviews performed by the third parties vary in frequency.

BFE will be notified of any changes to the model strategies. Rebalancing may occur as needed to individual accounts based on the changes to and the strategy for the models, considering advice received from the model providers. Rebalancing will be handled by BFE or our partners. In addition, the account will automatically be rebalanced when deposits and withdrawals occur. Trades will be done if the trade amount of the security is not less than five basis points times the size of the account. Confluence, Laffer and Morningstar are engaged in a business in which they provide models to firms such as BFE, as well as manage accounts independently of BFE on a fiduciary basis.

With respect to the ETF models provided by Confluence, Confluence will not provide BFE with changes to its models until after such changes are first implemented in its own clients’ accounts. As a result, changes to Confluence’s models that are implemented in BFE client accounts will take place after the changes in Confluence’s accounts, and the performance in BFE’s accounts will differ from those managed directly by Confluence. It is possible that Confluence’s prior transactions could increase the price of ETFs that BFE’s clients might have to pay for purchases or reduce the proceeds that might be obtained in connection with sales.

With respect to the ETF models provided by Laffer, Laffer will provide BFE with changes to its models before implementing the changes in their own clients’ accounts. As a result, changes to BFE accounts may take place prior to, after or simultaneously with the changes in Laffer’s accounts. As a result, the performance results of the BFE accounts will differ from those managed by Laffer.

With respect to the ETF models provided by Morningstar, they will provide BFE with changes to its models along with a date the changes should be implemented. The suggested implementation date will be the same day that Morningstar will trade their discretionary accounts.

First Trust does not directly manage the accounts. First Trust will notify all its partners implementing their models of model changes at the same time on a quarterly basis.

**Benjamin F. Edwards Custom Mutual Fund Portfolios** – Rebalancing will be implemented by BFE. The account will be rebalanced at the advisor’s discretion to align with the account’s target asset and fund allocation percentages. In addition, the account will be rebalanced when deposits and withdrawals occur unless, in the judgment of BFE, the amount involved would not have a meaningful impact on the strategy.



During the life of the account, designated supervisory principals will monitor accounts to ensure activity is suitable and that the account is properly administered. Various reviews will be performed on a daily, monthly, quarterly, or annual basis. In addition, ad hoc reviews will be performed as needed.

**Benjamin F. Edwards Private Portfolios and Benjamin F. Edwards Client Portfolios** – During the life of the account, the Home Office Principal will monitor accounts to ensure activity is suitable and that the account is properly administered. Various reviews will be performed on a daily, monthly, quarterly, or annual basis. In addition, ad hoc reviews will be performed as needed.

**Benjamin F. Edwards Separately Managed Portfolios** – Quarterly, the third-party asset managers in the program will be reviewed by a member of the firm’s Investment Strategy Committee to ensure continued adherence to our standards. In addition, a review will be conducted as needed based on potentially significant developments that may affect the operations or management of the asset manager or strategy (e.g., change of portfolio manager, corporate reorganizations, etc.). Both of which will be in coordination with the Investment Strategy Committee.

Adjustments will be made to the asset managers’ status in the program as needed and individual accounts will be addressed accordingly based on the outcomes of the reviews.

**Benjamin F. Edwards Unified Managed Accounts** – The accounts will be rebalanced by BNY Mellon Advisors if they drift away from the target allocations of the selected model. BNY Mellon Advisors and BFE will periodically, no less than annually, review the allocations and the bands for each model in this program. Ongoing monitoring of the available investments within the program will be performed by BNY Mellon Advisors and/or BFE.

**BNY Mellon Target Risk Portfolios** – The accounts are rebalanced periodically to reflect market changes and to maintain compliance with BNY Mellon Advisors’ strategy-specific guidelines. This may occur because of deposits, withdrawals or market movement. Rebalancing will be implemented by BNY Mellon Advisors.

The strategies for BNY Mellon Target Risk Portfolios are managed by BNY Mellon Advisors. Quarterly, the performance of BNY Mellon Advisors will be reviewed by BFE to ensure continued adherence to BFE’s qualitative standards.

BNY Mellon Advisors will review the allocations and securities used in their models on an ongoing basis. Adjustments will be made as needed to individual accounts based on the changes to the models.

**Investment Management Consulting (with Execution)** – The services to be provided to the client, including delivery of any oral or written investment performance and other reports (to the extent required by the individual contract) will be performed by the financial advisor. The services to be provided under each agreement are tailored to the specific needs of the client. The advisory services agreement will outline any specific reports, meetings or other deliverables to be provided by BFE. A tailored supervisory plan will be developed but, in general, will feature review by the Branch Office Manager, or an appropriately designated sales principal, of the key deliverables provided to the client.

### ***Client Statements and Reports***

Clients who participate in wrap fee advisory accounts, except for Investment Management Consulting (with Execution), will receive the following:

- Written (or, if elected by the client, electronic) account statements will be provided to clients at least quarterly through the Firm’s asset custodian, Pershing, identifying the amount of funds of each security in the account at the end of the period and setting forth all transactions in the account during that period.
- Written (or, if elected by the client, electronic) performance reports will be provided to clients on a quarterly basis, identifying since inception, year-to-date, and current quarter values and returns, and benchmark returns. The initial report will be delivered once an account has been open for a complete calendar quarter.

Under certain circumstances, BFE permits advisory program assets to be held with a custodian other than Pershing. This may occur, for example, in connection with positions in alternative investments that must be held with the issuer of the securities. In some cases, information about such an asset is linked with our custodian, and the asset will be included in account statements and performance reports. If information is not linked, the asset will not be included on statements or performance reports. If clients have concerns about this issue, they should discuss it with their financial advisor prior to purchasing or holding a non-linked asset in an advisory account.

Clients who participate in BFE's Investment Management Consulting (with Execution) program generally negotiate a tailored scope of services. Depending on the services that are desired, written reports may be prepared, customized, or developed for the client to address their particular needs.

### ***Investment Company Prospectus Delivery***

Clients who elect to participate in any of BFE's discretionary investment advisory programs authorize BFE to receive prospectuses for investment company securities on their behalf. This authorization is included in BFE's Investment Advisor Agreement and is the default option for the client. Clients who wish to continue to receive prospectuses for investment company securities can do so by contacting their financial adviser.

Clients who participate in BFE's Financial Planning programs will receive a one-time written financial plan. Clients who participate in BFE's Financial Planning programs will not receive recurring updates or supplemental reports.

Clients participating in BFE's Plan Participant Advisory Services program will receive either ongoing discretionary management services or non-discretionary consulting services (either ongoing or one-time), depending on level of services selected by the client.

Clients who participate in BFE's Retirement Plan Consulting Services, Investment Management Consulting, and Investment Management Consulting (with Execution) programs generally negotiate a tailored scope of services. Depending on the services that are desired, written reports may be prepared, customized or developed for the client to address their particular needs.

## **Item 14 - Client Referrals and Other Compensation**

Financial advisors of BFE will receive a percentage of the wrap fees paid by advisory clients to compensate them for solicitation, shareholder support, advice, order placement and execution, and other services. In addition, financial advisors may be eligible for cash and non-cash compensation including bonuses, deferred compensation plans, recognition trips and other benefits. Some of these programs may be financed in whole or in part by unaffiliated third parties, including representatives of mutual funds or distributors, which may influence some representatives to favor those funds. See the prior sections titled "Services and Fees" and "Other Financial Industry Activities and Affiliations" for more details regarding compensation and conflicts of interests.

BFE also enters into referral arrangements with other unaffiliated investment advisory firms whereby BFE and/or its financial advisors act as a solicitor to those firms. Pursuant to these referral arrangements, BFE and its financial advisors receive compensation for client referrals to the unaffiliated investment advisory firms. Clients should be aware the compensation derived from these referral arrangements creates conflicts for BFE and its financial advisors to refer clients to these firms over other investment advisory firms that do not provide such compensation.

BFE does not currently compensate unaffiliated third parties for investment advisory client referrals.

## Item 15 - Custody

With the exception of the programs identified below or assets that are held with an issuer or an alternative custodian, as described above, BFE utilizes Pershing as its custodian; hence, Pershing will be the custodian for all wrap fee advisory accounts.

Pershing is a qualified custodian and will provide clients with account statements at least quarterly. These statements identify the positions in the account at the end of the statement period, as well as all transactions in the account during the statement period. Clients should review these statements carefully. Clients will also receive quarterly performance reports for their account. These reports are produced and distributed by Albridge Solutions, Inc., an affiliate of Pershing, on behalf of BFE. These are not statements; however, clients are encouraged to compare the information on these reports versus the information on their statements.

For Investment Management Consulting and Investment Management Consulting (with Execution), the client may elect as part of the advisory services agreement for custody services to be provided. In such instances BFE utilizes Pershing as its custodian. Pershing is a qualified custodian and will provide clients with account statements at least quarterly. These statements identify the positions in the account at the end of the statement period, as well as all transactions in the account during the statement period. Clients should review these statements carefully. In addition, the client may also elect for performance reporting services to be provided as part of the advisory services agreement. In such cases, performance reports will be prepared by the financial advisor. These are not statements; however, clients are encouraged to compare the information on these reports versus the information on their statements.

## Item 16 - Investment Discretion

### ***Benjamin F. Edwards Current Investment Advisory Wrap Programs***

Clients grant BFE discretionary authority when they select the Discretionary Investment Advisory Program.

The Benjamin F. Edwards Discretionary Investment Advisory Program is an advisory program where portfolio management services are provided to the client on a discretionary basis for a wrap fee based on the value of the account. As a discretionary account, the financial advisor is not required to contact the client prior to each transaction or investment decision. Clients grant full discretionary trading authority for their selected strategy within the Discretionary Investment Advisory Program. Clients also grant full discretion to BFE and the financial advisor to change the manager and strategy on the account without further client approval.

BFE offers several strategies within the Discretionary Investment Advisory Program. Strategies are offered by BFE, BFE financial advisors, and third-party asset managers. Clients work with their financial advisor to identify a strategy that is appropriate based on the client's investment profile and objectives. The financial advisor will monitor the account to ensure the strategy remains appropriate.

Within the Discretionary Investment Advisory Program, BFE is authorized to implement the selected strategy on a discretionary basis, either through BFE or BFE's third-party service providers, or through another registered investment adviser or broker-dealer, including for purposes of funding the client's participation in the advisory program, for the ongoing management of the account, and placement and execution of transactions.

Clients do not grant BFE discretionary authority when they select the Non-Discretionary Investment Advisory Program.

### ***Benjamin F. Edwards Legacy Investment Advisory Wrap Programs***

The following represents BFE's legacy advisory programs that are currently closed to new business. For clients who executed Investment Advisory Agreements prior to April 1, 2023, BFE has discretionary authority with respect to the following advisory programs:

- Benjamin F. Edwards Mutual Fund Portfolios
- Benjamin F. Edwards Mutual Fund Model Strategies
- Benjamin F. Edwards Active Passive Portfolios
- Benjamin F. Edwards ETF Portfolios
- Benjamin F. Edwards Private Portfolios

Such discretion applies to all aspects of account transactions, including the securities, quantity, price and timing of securities to be bought and sold.

With respect to Benjamin F. Edwards Private Portfolios program, the financial advisor has the discretionary authority to administer any portion of the allocation directly, or to employ solutions offered by BFE or a third-party.

With respect to Separately Managed Portfolios, the asset manager, BFE and/or BNY Mellon Advisors, as applicable, has discretionary authority to determine securities and the amount of securities to be bought and sold.

With respect to the UMA, as overlay manager, BNY Mellon Advisors has discretionary authority to determine securities and the amount of securities to be bought and sold.

BNY Mellon Advisors has discretion with respect to the BNY Mellon Target Risk Portfolios programs. Such discretion applies to all aspects of account transactions, including the securities, quantity, price and timing of securities to be bought and sold.

Benjamin F. Edwards Custom Mutual Fund Portfolios is a fund-only advisory program with limited discretion. The financial advisor and client will work together to identify an appropriate investment model. The client retains final decision-making authority with respect to the funds used and the percentage allocated to each fund in the model. Limited discretion is granted to the financial advisor to:

- Rebalance the account on a discretionary basis to the model's baseline allocation
- Invest cash deposits
- Sell and reinvest deposits of securities
- Sell funds for fees and requested withdrawals

Benjamin F. Edwards Client Portfolios is a non-discretionary advisory program.

### ***Client authorization and Restrictions***

In all of BFE's discretionary programs above, both current and legacy, the nature of the discretion is identified and granted by the client via the Investment Advisory Agreement executed for each account.

Clients may request reasonable restrictions on the management of their discretionary accounts. Such restrictions may include imposition of limitations or preferences concerning transactions in certain securities, frequency of rebalancing, tax-loss selling, frequency of distributions and similar matters.

With respect to security-specific restrictions in advisory programs where the financial advisor serves as portfolio manager, such restrictions are individually negotiated between the client and financial advisor. With respect to all other programs involving transactions in individual equity securities, clients may request security-specific restrictions on those equities or restrictions based on the following categories: Alcohol, Cosmetic,

Defense/Military/ Weapons, Entertainment, Foreign Securities, Gambling, Finance, Trucking, Meat Products, Nuclear Power, Oil Stocks, Textiles, Drugs, Tobacco, Public Utilities, Paper/Forest Products, and Healthcare/Medical Industries.

With respect to advisory programs that utilize mutual funds or ETPs, BFE will consider requests for reasonable restrictions on the management of the account. Such restrictions may be placed on particular mutual funds or ETPs from the model selected but cannot restrict the individual securities held within the mutual funds or ETPs.

If such investment restrictions are implemented, the client will experience a different investment return than what will be realized by the model itself. Such performance may be better or worse than the model. For these reasons, if a client wishes to make a request concerning restrictions based on specific securities, it may be more appropriate for the client to participate in other BFE advisory programs that are not so uniquely positioned. It should be noted; any standardized reports of model performance will not reflect the performance of the model with restrictions applied. Quarterly performance reports of the client's account will accurately reflect the client's actual account performance with restrictions.

## Item 17 - Voting Client Securities

For certain strategies within BFE's Discretionary Investment Advisory Program, BFE will vote proxies and other matters requiring shareholder approval on behalf of the client, unless the client chooses to retain the right to vote. BFE will vote proxies for accounts in the Discretionary Advisory Program where BFE serves as manager or where third-party asset managers provide strategies to BFE for implementation. In strategies managed and implemented by a third-party asset manager, the third-party asset manager will receive and vote the proxy unless the client chooses to retain the responsibility of voting the proxies. BFE will not receive or vote proxies for accounts for which your financial advisor serves as the portfolio manager.

In cases where BFE votes client proxies, it will do so in accordance with the applicable regulations and in accordance with BFE's fiduciary duty and its policies and procedures. BFE has adopted policies and procedures reasonably designed to ensure it votes proxies in the economic best interest of a client and addresses any material conflicts of interest that arise in course of voting proxies on behalf of a client. In cases where a material conflict of interest exists between BFE and the client, BFE will generally abstain from voting if the economic outcome is unclear. For most advisory programs, BFE will not normally vote with respect to certain legal actions involving securities including, for example, bankruptcies or restructuring, class actions, or similar matters.

Clients can contact their financial advisor to change their proxy voting election at any time, to request a copy of BFE's proxy voting policies and procedures, or to request a record of how BFE, or the third-party asset manager, voted with respect to the securities held in their account.

To facilitate the proxy voting process, BFE has engaged the services of a third-party proxy advisory service ("Proxy Advisory Service") to research, vote, and maintain records of all proxies. The Proxy Advisory Service will vote according to BFE's adopted policies and guidelines. Clients that delegate proxy voting authority to BFE authorize BFE or the third-party proxy advisory service to choose how to vote. When BFE is entitled to vote, clients cannot influence how the proxy is voted, nor will BFE or the third-party proxy advisory service solicit the client's opinion prior to voting.

When clients retain voting responsibilities themselves, clients will directly receive proxy notices and BFE is unable to provide advice regarding proxy voting, mergers, bankruptcies or restructuring, class actions, or similar matters. In the limited circumstances where a client may hold securities directly with an issuer or an alternative custodian, proxy notices will be sent by the issuer or the alternative custodian.

## **Item 18 - Financial Information**

BFE does not foresee any financial condition that would impair our ability to meet contractual commitments to clients.

## **Item 19 - Requirements for State-Registered Advisers**

This section is not applicable to BFE since BFE is registered at the federal level with the SEC as an Investment Adviser and has made appropriate notice filings to various states as required.