

Item 1 – Cover Page

XML Financial, LLC

7600 Leesburg Pike, Suite 120 East
Falls Church, VA 22043

(301) 770-5234

www.xmlfg.com

For Wrap Programs:

Asset Advisor

Custom Choice

Private Advisor Network (PAN)

Private Investment Management (PIM)

Allocation Advisors Program

Diversified Managed Allocations (DMA)

Masters Program

Wells Fargo Compass Advisory

Customized Portfolios Program

FundSource Program

This Wrap Brochure provides information about the qualifications and business practices of XML Financial, LLC (hereinafter “XML” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at (301) 770-5234. 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.

The Firm is a registered investment adviser. The use of the terms “registered investment adviser” or “registered” by us does not imply by itself any level of skill or training. The oral and written communications of the Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about the Firm is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for XML is 284987.

Item 2 – Material Changes

This is the initial publication of this wrap fee brochure, therefore you are being provided with this brochure in its entirety. In the future, this section will address only specific material changes that are made to the brochure and provide clients with a summary of such changes. It will also reference the date of the last annual update of this brochure. Pursuant to SEC rules, clients will receive a summary of any material changes to this and subsequent brochures within 120 days of the close of XML’s fiscal year end (12/31). Other ongoing disclosure information about material changes will be provided as necessary. A complete brochure will be provided as necessary based on changes or new information, at any time, without charge.

Item 3 - Table of Contents

Item 1 – Cover Page..... 1

Item 2 – Material Changes2

Item 3 – Table of Contents.....2

Item 4 – Services, Fees and Compensation.....3

Item 5 – Account Requirements and Types of Clients..... 14

Item 6 – Portfolio Manager Selection and Evaluation 15

Item 7 – Client Information Provided To Portfolio Managers22

Item 8 – Client Contact with Portfolio Managers.....23

Item 9 – Additional Information 23

Disciplinary Information..... 23

Other Financial Industry Activities and Affiliations..... 23

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....26

Review of Accounts 30

Custody 31

Client Referrals and Other Compensation..... 31

Financial Information 32

On February 1, 2019, Lara, May & Associates, LLC (“LMA”) assigned its investment advisory services to XML Financial, LLC. Individuals who were investment advisor representatives (“IARS”) under LMA will now provide investment advisory services under XML. The wrap fee programs previously sponsored by LMA will be sponsored by XML.

We are referring to individuals who are both IARs of XML and broker agents of Lara, May & Associates, LLC, member FINRA/SIPC, an introducing broker-dealer, as a division of XML called “Lara May Advisors”.

Item 4 – Services, Fees and Compensation

Services

XML was formed in 2016. XML offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to XML rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with XML setting forth the relevant terms and conditions of the advisory and wrap program relationship (the “Program Agreement”). XML will also hold itself out by DBA names, “XML Financial Group” and “Lara May Advisors.”

FOCUS OPERATING, LLC and FOCUS FINANCIAL PARTNERS, LLC

XML is part of the Focus Financial Partners partnership. As such, XML is a wholly-owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly-owned subsidiary of Focus Financial Partners, LLC (“Focus LLC”). Focus Financial Partners Inc. (“Focus Pubco”), a public company traded on the NASDAQ Global Select Market, is the sole managing member of Focus LLC and, immediately following the IPO, owned an approximately two-thirds economic interest in Focus LLC. Thus, Focus Pubco is a direct owner of Focus LLC and an indirect owner of the Focus Partner Firms. Focus Pubco has no single 25%-or-greater shareholder, and Focus LLC has no single 25%-or-greater member (other than Focus Pubco). However, investment vehicles affiliated with Stone Point Capital LLC collectively have a greater-than-25% voting interest in Focus Pubco. Such investment vehicles collectively have a greater-than-25% voting interest in Focus LLC through their voting interest in Focus Pubco: As the sole managing member of Focus LLC, Focus Pubco has 100% voting control over Focus LLC, and thus such investment vehicles’ collectively greater-than-25% voting interest in Focus Pubco also gives them a collectively greater-than-25% voting interest in Focus LLC.

Focus LLC owns registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADV.

Focus LLC and Focus Pubco are principally owned by investment vehicles managed by Stone Point Capital LLC (“Stone Point”). Investment vehicles managed by Kohlberg Kravis Roberts & Co. L.P. (“KKR”) are minority owners of Focus LLC and Focus Pubco. Because XML is an indirect, wholly-owned subsidiary of Focus LLC and Focus Pubco, the Stone Point and KKR investment vehicles are indirect owners of XML.

As of December 31, 2017, the Firm managed \$500,263,722 in discretionary assets under management.

While this brochure generally describes the business of XML, certain sections also discuss the activities of its IARs, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on XML's behalf and is subject to the Firm's supervision or control.

Pursuant to a management agreement between XML, Focus and BR Financial Associates Management Company, LLC (the "Management Company"), has agreed to provide persons to serve as officers of XML who, in such capacity, will be responsible for the management, supervision and oversight of XML. The primary members of the Management Company are Brett Shane Bernstein, CFP®, Robert Kantor and Curtis Congdon, CFP®, CRPC®.

XML provides investment supervisory and advisory services to its clients, including Financial Planning and Consulting Services, Investment Management Services, Retirement Plan Consulting Services and ERISA Plan Services, which details are provided under the XML ADV Part 2A Disclosure Brochure, as a separate document. The services provided vary from client to client and from IAR. Typically services include client directed separate account management. IARs will recommend investment products depending on the client's situation, objectives, goals and the IAR's knowledge and expertise. Some offer discretionary account management built around investment objective-based models. Services could include providing personal and/or business planning, asset allocation, portfolio management, educational planning, advisory services for businesses and retirement planning. Supervised Persons could either manage account directly and/or recommend the utilization of unaffiliated third-party managers and/or sub-advisors. Some Supervised Persons are also insurance agents registered with various states. IARs with proper insurance licensing have the ability to refer insurance services to a third party or offer clients insurance products such as life, long-term care and variable annuity products through Lara, May & Associates, LLC, Member FINRA/SIPC ("LMA") as a broker/dealer affiliate of XML. LMA is an affiliate of XML through common ownership and shares IARs and Firm officers. Investment Advisor Representatives are IARs under XML. Insurance and securities offered through LMA will have separate compensation paid to the IAR, provided they are broker and/or insurance agents of LMA, in addition to other compensation received in relation to XML services.

Investment Supervisory and Advisory Services

LMA, a broker/dealer affiliate of XML, has a clearing agreement with First Clearing, a trade name used by Wells Fargo Clearing Services, LLC, Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company ("Clearing Firm") for the execution, clearance, settlement and custody of client assets. The Wrap Fee Programs discussed herein are custodied at the Clearing Firm. XML and LMA have an agreement in place with the Clearing Firm to offer these Wrap Fee Programs to XML investment advisor clients. Neither LMA nor XML is related to or affiliated with the Clearing Firm. Unless otherwise specified, the Clearing Firm will maintain custody of client assets. The Clearing Firm qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. XML, LMA and the Clearing Firm each reserves the right to reject and not provide services to any client or any client account for any reason.

An investment advisory representative ("IAR") provides recommendations and supervision for a client's investment advisory account. IARs provide ongoing management and advice regarding the investment of client funds based on the individual needs and account objectives. Through personal discussions, and/or documentation, a client's particular circumstances, goals, profile and objectives are identified. IARs will make recommendations based on these factors and other information provided by the client. Some IARs have the ability to manage advisory accounts on both a discretionary and nondiscretionary basis. Account supervision is guided by the stated objectives and risk

tolerance of the client. Clients have the option to impose restrictions regarding the type of investments they wish to use and should bring these to the attention of their IAR.

Client Obligations

The IAR, XML and LMA shall not be required to verify all information received from the client or from the client's other professionals, and is expressly authorized to rely thereon on the information provided (this is not referring to Customer Identification Policies). Moreover, each client/entity is advised that it remains his/her/its responsibility to promptly notify the IAR if there is ever any change in the information provided in the New Account form or Client Profile or material changes arise in his/her/its financial situation, risk tolerance, or investment objectives. Changes should be reviewed to ensure the IAR's previous recommendations and/or services are still in line with the client's goals.

Non-Discretionary Service Limitations

Clients who determine to engage on a non-discretionary investment advisory basis must be willing to accept that the IAR cannot affect account transactions without obtaining prior verbal or written consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the IAR will be unable to affect account transactions (as they would for a discretionary client) without first obtaining the client's consent. If the IAR feels the authorized account holder's mental capacity is in question, they could request that a power of attorney relationship be established with a trusted individual of the account holder. Among the fee-based services that XML offers, IARs provide analysis and recommendations with respect to various money managers in customized and model-based investment strategies. IARs have the ability to recommend asset management services provided by the IAR or a non-affiliated portfolio manager. The wrap fee programs in which we sponsor are described in this brochure.

WRAP FEE PROGRAMS

XML sponsors several wrap fee programs through LMA at the Clearing Firm whereby the client pays one fee that includes the IAR advisory fees and custodial transaction charges— thus the term “wrap” as the fees are considered wrapped together into one annual fee percentage, paid quarterly. Please read the program agreements carefully as they provided details on the servicing of the account, what costs are included, what costs are excluded and fee billing details.

XML and LMA have an agreement with Wells Fargo Advisors (“WFA”), a trade name used by Wells Fargo Clearing Services, LLC (“WFCS”), pursuant to which WFA provides advisory and/or other services with respect to the Programs custodied at the Clearing Firm, a non-bank affiliate of Wells Fargo & Company (“Wells Fargo”). Neither XML nor LMA are related to or affiliated with WFA or the Clearing Firm. Unless otherwise specified, the Clearing Firm will maintain custody of client assets. Clearing Firm qualifies as a “qualified custodian” as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Firm each reserves the right to reject and not provide services to any client or with respect to any client account for any reason. WFA provides advisory and other services to LMA and their Clients with respect to the following programs: Masters, Diversified Managed Allocations (“DMA”), Wells Fargo Compass Advisory, Allocation Advisors, Customized Portfolios, and FundSource. Please review the appropriate WFA Disclosure Documents for a complete description of each program. Information related to these programs can be found in the respective manager's Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure.

I. Private Investment Management (“PIM”)

With PIM, certain XML IARs (“Portfolio Managers”) provide investment advisory and brokerage services to your account on a discretionary basis. As a minimum criterion for providing advisory services, XML requires our Portfolio Managers to possess satisfactory past business experience, plus any required industry examinations and registrations. Through a discretionary agreement, the Portfolio Manager will have discretion to manage your assets based on your investment objectives and individual needs. This could include your account being included in one of the objective models established by the Portfolio Manager.

PIM is based on both fundamental, quantitative research as well as other independent research and the experience of the respective Portfolio Manager. Individual Portfolio Managers develop specific investment strategies using a mix of analytic methods. They also prefer to establish quality and concentration requirements to provide overall discipline. Such strategies ordinarily include long and short-term securities purchases and, depending on your objectives and the Portfolio Manager's investment philosophy, supplemental covered option writing. In special circumstances, the strategies could also include margin transactions, other option strategies and trading or short sale transactions.

Portfolio Managers do their own research and use third-party research to assist in developing security selection models for their PIM program. When seeking to anticipate trends and identify undervalued securities with sound fundamentals, Portfolio Managers also use third party tools and resources to assist in the security selection and portfolio modeling process that incorporates fundamental, technical and statistical analyses of historical data. Due to any number of factors, including timing of deposits, investment selection process or investment needs, clients will receive different execution prices and investment results.

II. Asset Advisor

Asset Advisor is a non-discretionary, client directed wrap fee investment program in which your IAR provides a broad range of investment recommendations based on your investment objectives, financial circumstances and risk tolerance. You have the option of accepting these recommendations or declining the recommendation and selecting different investments for your account.

Most types of securities are eligible for purchase in an Asset Advisor account including, but not limited to, common and preferred stocks, ETFs, closed end funds, fee-based unit investment trusts, corporate and government bonds, certificates of deposit, options, structured products, certain mutual funds whose shares can be purchased at net asset value, and certain wrap class alternative investments, such as hedge funds and managed futures funds. Collectively, these are referred to as “Program Assets.”

Hedge funds and managed futures are not suitable for all investors. Hedge funds are complex investment vehicles that often use leverage and other speculative investment practices, such as short sales, options, derivatives, futures and illiquid investments that increase the risk of investment loss. Managed futures are speculative investments that are subject to a significant amount of risk. This Disclosure Document is not a solicitation, recommendation or invitation to invest in alternative investments and is intended solely to disclose the availability of alternative investments within Asset Advisor. Over time, your total expenses to own an alternative investment inside your investment advisory Account is likely to be greater than the total expenses to own a similar alternative investment outside your investment advisory Account.

Certain assets, such as commodity futures contracts, options on such contracts, annuities, limited partnership interests, and mutual funds that cannot be purchased at net asset value are not eligible as Program Assets, and are referred to collectively as “Excluded Assets.” You are able to purchase or sell Excluded Assets in your account, but these transactions will incur commissions or charges.

While new-issue CDs are an eligible Program Asset, the yield of new-issue CDs takes into account a sales concession in order to compensate the brokerage firms that sell the CDs. For certain advisory accounts, the underwriter retains this sales concession. Although XML does not receive the sales concession, it has an impact on the overall yield paid to you. Since we charge an advisory fee on all eligible assets within an advisory Account, you are effectively charged both the sales concession (retained by the underwriter) and the advisory fee on the CD. These charges reduce the overall yield on the CD and in some cases will result in a negative yield. You should be aware that you could obtain the same CDs without being subject to the advisory fee if you purchase it in a non-advisory brokerage Account.

An Asset Advisor account cannot be used for market timing strategies or activities for mutual funds or any extreme trading activity that LMA or the Clearing Firm, in its sole discretion, deems detrimental to the interest of average fund shareholders or contrary to the policies or interest of mutual fund companies with whom LMA, or the Clearing Firm maintains relationships. LMA or the Clearing Firm, in its sole direction, or by direction of the fund company, reserves the right to reject any transactions or to assess a redemption fee for any partial or full liquidation execution in which the account trading appears to be inconsistent with the fund's prospectus. Furthermore, LMA will cooperate, when asked by a fund company, to aid in its attempt to identify and impede the efforts of IARs and investors engaging in market timing or extreme trading activity. If the fund company notifies LMA to reject or cancel a trade for any reason, LMA reserves the right to cancel such trade without prior notice to Client. LMA will not be held accountable for any losses resulting from market timing activities or any action taken under its market timing policies. In addition, the frequency of mutual fund transactions and exchanges is subject to any limits established by the mutual fund company and LMA.

III. Private Advisor Network ("PAN")

Through PAN your IAR will assist you in identifying an investment adviser to perform investment advisory services with respect to your assets. The IAR's services include matching the personal and financial data you provide with a database of investment advisers and providing reports to allow for periodic evaluation and comparison of account performance with objectives. The IAR will provide information on investment advisers that appear to meet your needs. Screening criteria includes the investment adviser's past track record, management style, location, size of account, etc. With the assistance of a IAR, you could choose one or more investment advisers to manage your assets.

All accounts are managed on a discretionary basis by the independent investment adviser(s) selected by you. The IAR does not have discretionary trading authority with respect to such accounts. Information collected by XML regarding PAN advisers is believed to be reliable and accurate but XML does not necessarily independently verify it on all occasions. Neither XML nor the IAR assumes responsibility for the conduct of investment advisers that clients select, including their performance or compliance with laws or regulations.

In addition to monthly and/or quarterly statements provided by the custodian, you will also be provided with quarterly portfolio performance reports. These will be available through your online account access or ask your IAR. Please note that:

- a) **an adviser's past performance is no guarantee of future results;**
- b) **certain market and/or interest rate risk may adversely affect any adviser's objectives and strategies, and could cause a loss in your account; and**
- c) **risk parameter or comparative index selections provided for accounts are guidelines only; there is no guarantee that they will be met or exceeded.**

Some managers will use covered calls or protective puts (or a combination of both) in your portfolio. Check with the Portfolio Manager or IAR to confirm your understanding of the use of options.

Depending on the strategy implemented, covered calls will limit the upside potential of the securities held in your account. If the option holder exercises the option the securities will be sold, thus creating realized gains/losses.

The purchaser of a protective put runs the risk of losing the entire value of the purchased option as options become valueless upon expiration if they are not exercised or sold prior to expiration.

IV. CustomChoice

CustomChoice is a non-discretionary investment advisory program designed to help you allocate your assets among open-end mutual funds in accordance with your individual investment goals, objectives, and expectations. Based on your investment objectives and risk tolerance, your IAR will recommend an appropriate mix of various open-end mutual funds and money market funds.

You have the option of accepting any of our recommendations or selecting an alternative combination of funds. We will implement your investment decisions, but will not have investment discretion over your account, except for the limited discretion to rebalance your target asset allocation, if you authorize us to do so. Over time, as changes occur in the financial markets and/or your investment objectives and circumstances, we may recommend changes in your portfolio. In making these recommendations, we will take the updated information into consideration. You should also keep in mind that the decision to liquidate security issues or mutual funds could result in tax consequences so that you are encouraged to discuss the consequences with your tax professional beforehand.

In order to maintain your portfolio in accordance with your target asset allocation, you may authorize us to rebalance your Account using an automated rebalance trading system. You have the option to select a quarterly, semi-annual or annual rebalance option.

Fees and Compensation

You should be aware that program fees charged could be higher or lower than those otherwise available if you were to select a brokerage type account with trading /sales commissions applied separately instead of an annual advisory fee. XML currently does not implement a firm wide fee schedule for wrap accounts. Fee schedules are recommended by the custodians and based on the services provided, the investments selected, the program agreement and/or the managers selected, asset level, industry standards, and are negotiated between the IAR and the client. You should consider the value of these advisory services when making such comparisons. You should also consider the amount of anticipated trading activity when selecting among the programs and assessing the overall cost. Advisory programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings could cost the account holder more in fees than if commissions were paid separately for each transaction. All of the program accounts described in this brochure are charged a fee negotiated between the IAR and the client on eligible assets that covers; the IAR's fee, account billing by the custodian, performance reporting, execution, custodial, and reporting services. The typical fee ranges for each program are set forth below. If a minimum quarterly fee is applied, it will be detailed in the Program Agreement.

Clients will pay different fee annual percentages as IARs have different compensation structures. Most of the IARs work independently from one another and have their own style of services, fee plans and offerings. The fee percentage is typically based on a sliding scale depending on the account assets and total relationship of assets under

management. As such, households with higher total assets under management, such as over \$2 million, will likely pay a lower percentage annual fee respectively. IARs generally offer their immediate family or related accounts a lower or no-fee option and/or choose to cover the costs themselves.

A portion of the fees charged for the programs described here will be paid to an IAR in connection with the introduction of accounts as well as for providing client-related services within the programs. This compensation could be more or less than an IAR would receive if you paid separately for investment advice, brokerage, and other services separately, and will vary depending on the program or services selected.

Fees for accounts at the Clearing Firm are calculated and deducted by the Clearing Firm from the respective account and applied in advance on a quarterly basis. Fees are forwarded to LMA, generally within the first ten business days of each succeeding calendar quarter in accordance with the billable asset value and fee calculation methodology in the Program Agreement. LMA then forwards these fees on to XML. You can direct XML to debit fees from an alternate account, this election will continue until Client provides notice of revocation of this election. The Clearing Firm receives a percentage of the total wrap fee, per a schedule, for each wrap fee account for custodial services such as billing, performance reports and an allotted 75 trades in each account per year. Trading costs over the 75 allotment will have charges applied to LMA and passed on to XML's IAR. Please refer to the Program Agreement itself for more details regarding fee calculations. The program agreement must be signed by the client, IAR and an XML principal. Should the account fee at a later date need to be changed, a Fee Schedule Change amendment must be completed and signed by the client, IAR and an XML principal in order for the new fee to take effect. Typically, the effective date will be the date the Fee Schedule Change amendment is submitted to the custodian.

IARs cannot receive brokerage sales commission compensation and investment advisory fee compensation on the same assets. As such, LMA where permitted by law, and Clearing Firm, receive a sales distribution fee on money market balances as described in the fund's prospectus and related materials. Non-brokerage related fees such as margin interest, IRA fees, and Money Market Fund and Fund fees, or the money market administrative fees described in the Program Agreement will also not be included. We realize however, the situation can occur when it would be advantageous for a client to hold a commission position in a fee-based account. That position would be considered ineligible to be included in the managed account program fee calculation. The *Asset Advisor* program is a client directed program managed by the IAR and enables clients, as allowed by the custodian, to hold positions such as A, B or C open-end mutual fund share classes, or other commission positions that would be considered ineligible. Such a position will be coded by the custodian as a Non-Program asset and will be excluded from the performance reporting and billable asset value of the account program fee calculation. Other wrap programs and accounts managed by a third-party manager prohibit holding positions not selected and managed by the program or respective manager.

Unless otherwise agreed upon, you authorize the custodian to deduct a quarterly fee calculated at the rate indicated in the Fee Schedule section of the Program agreement for that program from your account, in advance. For the purposes of calculating the Program fees, "Account Value" means the sum of the absolute market value of all eligible long and short security positions, including accrued income, cash and cash alternatives held in your Account. If your Account has short positions, the Account Value reflects the short positions' absolute value. A short position does not offset the value of long positions in the account. In valuing your Account, the closing prices are used or, if not available, bid prices of the last recorded transactions for listed securities, options and over-the-counter NASDAQ securities. For mutual funds, the fund's most current Net Asset Value is used, as computed by the fund company. In doing so, the information provided by quotation services believed to be reliable is used. If any such prices are unavailable or believed to be unreliable, the Clearing Firm will determine prices in good faith so as to

reflect the understanding of fair market value. Due to trade date or settlement date accounting, the treatment of accrued income and other factors, the Account Value used in the calculation of fees can differ from that shown on your monthly custodial account statement and/or performance report.

The initial fee is calculated as of the date that the account is accepted into the program and covers the remainder of the calendar quarter on a prorated basis. There is usually a short delay between inception and initial transactions. Subsequent fees will be determined for calendar quarter periods and shall be calculated per the Program Agreement.

No fee adjustment will be made during any fee period for appreciation or depreciation in the value of the assets in your account during that period. Your account will be charged or refunded a prorated quarterly fee on net additions or net withdrawals in the account during a month if the net addition or net withdrawal would generate a fee or refund of at least \$40 for that quarter. Fees will be assessed in the month following the net addition or net withdrawal. Fees are based on the value of the assets in your Account per the Program Agreement and XML shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of your funds.

Whenever there are changes to the fee schedule, the schedule of charges previously in effect shall continue until the next billing cycle effective date.

Before you invest in one of the following programs: Allocation Advisors, Diversified Managed Allocations (DMA), Masters Program, Private Advisor Network (PAN), Wells Fargo Compass Advisory Program, Customized Portfolios please refer to WFA's Wrap Fee Brochure for more information.

Annual Fee Schedules

Accounts are charged an all-inclusive/wrap fee on eligible positions that includes all investment advice, execution, consulting and custodial services. Fees are billed quarterly in advance. Fees are based on the eligible assets in the account, including cash. The program wrap fee does not cover the internal expenses of exchange traded funds, closed-end funds or mutual funds held in an account. It also does not cover account service charges. Please refer to the Program Agreement and your New Account documents for complete details.

I. Private Investment Management (PIM*)

A discretionary program where the IAR is the portfolio manager. PIM is offered to Financial Advisors with prior portfolio management experience and allows them to manage portfolios based on their own personal investment styles. Asset allocation and securities selection are determined by the IAR in conjunction with client objectives. The standard PIM fee schedule is based on program eligible assets. The minimum annual account fee is \$360, account minimum of \$50,000. Annual fee typically ranges from 1.00-2.00%, as negotiated with the IAR.

II. Asset Advisor

Asset Advisor is a comprehensive, non-discretionary investment advisory program that includes advisory services and custodial/transaction costs in a single asset-based fee. With Asset Advisor, the client ultimately makes the investment decisions regarding what to buy, sell and hold within the account. Account minimum of \$25,000. Annual fee typically ranges from 1.00-2.00%, as negotiated with the IAR.

III. Private Advisor Network (PAN)

Private Advisory Network is a separately managed account, dual contract program with access to over 300 professional money managers, and flexibility to assist clients with pre-existing money manager relationships. There

is a minimum quarterly fee of \$375. Account minimum of \$100,000, subject to Manager's minimum. Annual fee typically ranges from 1.00-2.05%, as negotiated with the IAR and could differ from those described in the WFA Separately Managed Accounts Wrap Fee Brochure.

IV. CustomChoice

A non-discretionary, client-directed advisory program that allows clients to construct their own asset allocation. Allocation can be constructed from a broad universe of institutional share class, no-load and load-waived mutual funds. This program can help clients maintain their strategic asset allocation by offering auto-rebalancing. Account minimum of \$25,000. Annual fee typically ranges from 1.00-2.00%, as negotiated with the IAR.

V. Allocation Advisors

This is a professionally-managed portfolio with strategic, tactical, cyclical and global asset allocation, investing primarily in ETFs. This portfolio offers diversification and cost benefits traditionally associated with indexing. Annual fee typically ranges from 1.00-2.25%, as negotiated with the IAR and could differ from those described in the WFA Separately Managed Accounts Wrap Fee Brochure. There is a minimum quarterly client fee requirement of \$125. The minimum account size for the portfolios offered in the Allocation Advisors Program range from \$25,000 to \$50,000, depending on the portfolio model.

VI. Diversified Managed Allocations (DMA)

Diversified Managed Allocations program is an actively managed portfolio of separate account managers featuring asset allocation, diversification, and risk-based portfolio management. DMA provides ongoing due diligence of investment managers and Optimal Blends, objective advice, strategic asset allocations, and rebalancing. DMA offers the simplicity of one account – multiple managers with automatic manager replacement. Annual fee typically ranges from 1.00-2.55%, as negotiated with the IAR and could differ from those described in the WFA Separately Managed Accounts Wrap Fee Brochure. There is a minimum quarterly fee of \$375. Minimum investment of \$100,000 - \$250,000, depending on portfolio minimum.

VII. Masters

Please see the WFA Separately Managed Accounts Wrap Fee Brochure for a description of the services and additional fee information applicable to a Masters account. IAR will recommend respective sub managers under this program as part of the Investment Advisory Business mentioned in Item 4 herein. Annual fee typically ranges from 1.00-2.50%, as negotiated with the IAR and could differ from those described in the WFA Separately Managed Accounts Wrap Fee Brochure. There is a minimum quarterly fee of \$375. The minimum account size for Masters is \$100,000, and will be subject to manager minimums as applicable.

VIII. Wells Fargo Compass Advisory

Managed by Wells Fargo Advisors, this program offers clients a portfolio of individual stocks, bonds and ETFs managed by WFA professionals. Various strategies are offered and the account minimum ranges from \$25,000 to \$250,000 depending on the strategy selected. Please see the WFA Separately Managed Accounts Wrap Fee Brochure for a description of the services and fee information applicable to Wells Fargo Compass Advisory accounts. Annual fee typically ranges from 1.00-2.25%, as negotiated with the IAR and could differ from those described in the WFA Separately Managed Accounts Wrap Fee Brochure.

IX. Customized Portfolios

Customized Portfolios is a separate account management program that provides tailored fixed income, global dividend, social impact and options overlay strategies in which guidance and expertise is provided by Wells Fargo

Fixed Income Strategies Team. Please see the WFA Separately Managed Accounts Wrap Fee Brochure for a description of the services and fee information applicable to Customized Portfolios accounts. Annual fee typically ranges from 1.00-2.50%, as negotiated with the IAR and could differ from those described in the WFA Separately Managed Accounts Wrap Fee Brochure. There is a minimum quarterly fee of \$250 for all strategies. The minimum account size ranges from \$50,000 to \$3,000,000, depending on the strategy.

X. Fund Source/FundSource FoundationsSM

Discretionary mutual fund advisory program offering 47 Optimal Blend fund portfolios actively managed by Wells Fargo Investment Institute or 10 Pathways[®] Blend portfolios actively managed by Russell Investments. The portfolios are constructed of load-waived, no-load and institutional share class mutual funds. IARs can also create a tailored allocation for clients using the Well Fargo Investment Institute's recommended funds in FundSource Customized Blends. Both Optimal and Customized Blends offer automatic fund replacement as well as auto-rebalancing. The Account minimum is \$10,000 for FundSource FoundationsSM model portfolios and \$25,000 for all other FundSource model portfolios. Annual fee typically ranges from 1.00-2.00%, as negotiated with the IAR and could differ from those described in the WFA Separately Managed Accounts Wrap Fee Brochure.

Fees and Compensation – Additional Information

12b-1 Fees

IARs who are also registered representatives of LMA's broker-dealer receive 12b-1 fees for mutual funds purchased in brokerage accounts or held as ineligible positions in fee-based program accounts (held outside of the fee calculation). This is a conflict of interest because it could incentivize the recommendation of securities purchases based on compensation received, rather than a client's needs. In certain situations where we believe it is in the best interest of our advisory clients to purchase mutual funds that are only available to us in a share class that imposes 12b-1 fees, we will either hold the position in a brokerage account or exclude the value of those assets from billing in fee-based accounts. Other considerations based on the client's situation, such as transferred shares, CDSC and sales charges, tax consequences, periodic investment plan, distributions plans, liquidity needs, clients investment preferences and over all planning strategies could affect the type of shares held, the duration, sell recommendations and the account structure/IAR compensation model.

Other Account Fees

The wrap fee does not include transfer taxes, exchange fees, execution fees (foreign and/or domestic) when applicable, American Depository Receipts ("ADRs") custodial pass through fees, annual account fees, wire request or insufficient funds fee, foreign financial transaction taxes when applicable, and any other fees required by law. Cash balances in an Account could be invested in money market mutual funds including, as permitted by law, those with which LMA or XML has agreements to provide advisory, administrative, distribution, and other services and for which LMA receives compensation for the services rendered. As a shareholder of a money market fund, in addition to fees you pay under this Program, you will bear a proportionate share of the money market fund's expenses. In a low interest rate environment, the yield that you earn on cash and cash alternatives, including cash sweep funds, CDs and money market funds may not offset advisory fees. In some instances, the effective yield of the investment could in fact be negative. – *Refer to the Cash Sweep disclosure statement and subject with in this document for more information.*

If you invest in foreign stocks or ADR, you are typically subject to foreign tax withholding on the dividends paid or interest earned. An ADR represents underlying shares of a foreign corporation which are held and issued by a U.S. bank. While ADRs are traded on U.S. markets, the income and tax withholding are subject to the rules and regulation of the foreign tax authorities with jurisdiction over the underlying corporation. When dividends or

interest is paid to investors on foreign securities, the tax authorities for that country require the payor to withhold taxes for certain foreign investors. This can negatively impact the rate of return on your investment. In some instances, U.S. clients are eligible to reclaim a portion of foreign taxes that are withheld and/or receive a preferential foreign tax rate on foreign securities by filing specific tax forms seeking such relief. LMA, XML and IARs are not legal or tax professionals. Please consult your tax advisor for specific information on foreign tax withholding, your eligibility to reclaim a portion of taxes withheld and/or receiving a preferential foreign tax rate and the costs associated with these filings.

Non-brokerage-related fees, such as IRA fees, are not included in the wrap fee and will be charged to your account separately. Your IAR can suggest that you use other products and services that LMA offers, but that are not available through the program you select (“Excluded Assets”). Excluded Assets are not charged a program fee and are not considered a part of the program or program services. We generally recommend that you hold these Excluded Assets in a separate brokerage account. If an excluded fund purchased for or transferred into your account later becomes eligible for the program, program fees will apply to that fund and become subject to the rebalance trading system. You will incur any usual and customary brokerage charges and fees imposed on transactions in Excluded Assets which can include (i) odd lot differentials and transfer taxes; (ii) charges imposed by broker-dealers and custodians other than LMA or the Clearing Firm; (iii) offering discounts, commissions and related fees in connection with underwritten public offerings of securities; (iv) margin interest and operational fees and charges; (v) IRA fees; and (vi) any redemption fees, exchange fees and or similar fees (among which SEC fees are included) imposed in connection with mutual fund transactions whereby LMA or your IAR receive additional compensation on these Excluded Assets.

Costs of Investing in Mutual Funds

In addition to the XML program and manager fees, as a shareholder of an open-end mutual fund, closed-end fund or exchange traded fund (“ETF”), you will bear a proportionate share of the fund’s investment management fees and expenses. Mutual fund fees and expenses, including asset-based sales charges known as “12b-1 fees,” vary based on the share class that is offered. Typically, clients who purchase open-end mutual funds under one of our fee-based programs are able to purchase lower expense share classes that do not impose 12b-1 fees. Clients who purchase open-end mutual funds in other types of accounts at XML, such as a brokerage or non-wrap fee-based accounts, typically must purchase a share class that imposes a higher fee and expense structure, including 12b-1 fees. As a result, some clients are able to purchase the lowest expense ratio advisory or institutional share class, while others must purchase a non-advisory or commission share class. For more information about the respective share class offerings and their fee and expense structure, please refer to the fund’s prospectus and account agreement.

You should be aware that you are able to invest in money market funds, mutual funds or ETFs directly with the fund company directly or through a brokerage account at LMA without incurring the fee charged for participation in a wrap fee program. In addition, certain institutional investors can directly purchase a class of shares of certain funds that do not charge shareholder services, sub-accounting or other related fees. If you do, however, you will not receive the various program services provided under the program agreement and service and some mutual funds impose a sales load on direct investments. You will receive a prospectus for each fund purchased, as required by securities regulations.

In the Asset Advisor and CustomChoice wrap programs where by an IAR is recommending and trading open end mutual funds, it is the IAR’s practice to utilize the Advisory Share Class Finder Tool to determine the eligible share class with the lowest expense ratio allowable by the custodian, fund company and Program guidelines. Such share classes are referred to as “institutional” or “advisory” (“advisory share class”). When an advisory share class with a lower expense ratio is made available to the program, existing advisory share class positions will automatically

convert at a designated time to the lower expense ratio share class. During the conversion process, usually 5 – 7 business days, trading will not be allowed in the affected positions. However, non-advisory share class holdings transferring into an account will need to be manually converted. If converting an A share, the client is not eligible to convert shares if they have paid a load in the past 13 months. If converting a C share, any Contingent Deferred Sales Charge (CDSC) period must have expired before the request can be affected. For more information about fund holdings and the respective share classes offerings please refer to the fund's prospectus.

Fund companies have minimum dollar investment levels that certain managers are eligible for in separately managed accounts. In other types of accounts at XML, such as a brokerage and fee-based programs managed or sponsored by a third party, other share classes are used and will have varying fees, expenses and sales charges as offered by the fund companies and allowed for in the account.

Account Termination

Your account agreement can be terminated by either party at any time upon written notice. If you terminate your Agreement, a pro rata refund will be made. You have the right, within five (5) days of execution, to terminate the Client Agreement without penalty. In the event of cancellation of Client Agreements, fees previously paid pursuant to the fee schedule will be refunded on a pro rata basis, as of the date notice of such cancellation is received by the non-canceling party, less reasonable start-up costs.

If you choose to terminate your agreement with any of our investment advisory programs, the IAR can liquidate your account if instructed to do so. If so instructed, the IAR will liquidate your account in an orderly and efficient manner. LMA does not charge for such redemptions; however, you should be aware that certain mutual funds impose redemption fees as stated in their fund prospectus. You should also keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with your tax advisor beforehand.

XML and LMA will not be responsible for market fluctuations in your account from the time of notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner. Factors that affect the orderly and efficient liquidation of an account might be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate an advisory account, termination orders cannot be considered market orders. It usually takes several business days under normal market conditions to process your request.

If a program account is terminated, but you maintain a brokerage account with us, the money market fund used in a "sweep" arrangement will be changed and/or your shares will be exchanged for shares of another series of the same fund. You will bear a proportionate share of the money market fund's fees and expenses. You are subject to the customary brokerage charges for any securities positions sold in your account after the termination of program services.

Item 5 – Account Requirements and Types of Clients

XML offers wealth management and financial planning services to individuals, high net worth individuals, homeowner associations, businesses, corporate pension and profit-sharing plans, ERISA plans, charitable institutions, foundations, endowments, and trusts. XML does not establish a Firm-wide minimum asset requirement for opening a wrap account. However, each IAR sets their own client account minimums, has the right to decline to accept a client, and each custodian has account/program value thresholds that triggers additional or

higher fees for low account balances or inactive accounts. To participate in a program through LMA and the Clearing Firm, clients must generally have a minimum account size for each separate account of \$25,000 or \$50,000 per investment style.

Program Name	Minimum Account Size
Masters – <i>subject to Manager’s minimum</i>	\$100,000
Compass Program - <i>dependent on strategy</i>	\$50,000 - \$250,000
FundSource - <i>may vary by IRA/FundSource FoundationsSM</i>	\$25,000/\$10,000
CustomChoice - <i>may vary by IRA</i>	\$25,000
Allocation Advisors - <i>dependent on strategy</i>	\$25,000 - \$50,000
Asset Advisor	\$25,000
Private Investment Management (PIM)	\$50,000
Customized Portfolios - <i>dependent on strategy</i>	\$50,000 - \$3,000,000
Private Advisor Network (PAN) - <i>subject to Manager’s minimum</i>	\$100,000

Under certain circumstances the minimum initial investment required to participate in a Program may be waived. Other Advisory Programs and services are also available to clients held at other custodians. **Refer to XML ADV Part 2A Brochure for more information.**

Item 6 – Portfolio Manager Selection and Evaluation

We choose LMA and the Clearing Firm’s platform, program offerings and WFA for portfolio management and advisory services with respect to certain wrap fee programs. WFA is a non-bank affiliate of Wells Fargo & Company that provides advisory services, asset management, brokerage services, estate planning strategies, retirement planning, portfolio analysis and monitoring and other financial services.

After extensive review, we selected WFA to provide these services to our clients as we feel the suite of wrap programs, research and due diligence capabilities and the extensive manager list they offer are best suited to meet our clients’ needs. As part of our agreement with WFA, we outsource the due diligence of the outside managers participating in the wrap program to their investment professionals. However, each IAR will conduct their own independent research and review of the respective manager to assess the manager’s suitability for the individual client that is recommended. This research involves all or a combination of utilizing reputable third-party research reports and rating services (such as Morningstar), publications about the managers available through the Clearing Firm, performance history, portfolio holdings, investment philosophy, commentary provided by the manager, the IAR’s own experienced, and prospectus materials.

IARs prefer to perform semi-annual or annual reviews of client accounts to review if the portfolios are in alignment with outlined investment objectives. During these reviews the IAR evaluate a portfolio’s performance relative to its benchmark, or client needs and if the account is meeting the investment objectives.

Methods of Analysis

Investing in securities involves risk of loss that clients should be prepared to bear. IARs create an investment plan based on the client’s unique needs and circumstances. This includes recommending a certain model portfolio or individualized holdings. As part of this process, IARs consider several factors when developing investment strategies and analyzing specific securities, categories, products or types of investment vehicles. IARs are able to conduct their analysis independently and based on their unique expertise, knowledge, experience and style. Generally, methods of

analysis include: industry research reports, subscription ranking and reporting services, public reports, material provided by the investment company, discussions with product providers, personal experience and attendance at industry events. However, the IARs also use their own familiarity, education and comfort level with a product.

Investment Strategies and Due Diligence

Each IAR at LMA has developed their own areas of expertise and has individual style preferences. In general, the more the IAR knows about the client, the better job they can do. As an independent firm, IARs are able to search the marketplace for available products and services. XML has an extensive list of selling agreements and established relationships to provide clients with a variety of investment vehicles to address their needs. If there is interest in a product that is not offered through one of our custodians or a third-party sub-manager, XML would need to enter into a selling agreement. If not for a specific client, the product and the company/manager must be reviewed and approved by the XML Investment & Risk Management Committee (“Committee”). The Committee is comprised of members from the XML Management, Operations, Accounting, Compliance and a selection of IARs. The Committee collaborates to conduct due diligence and to review product details to the best of their ability and knowledge, and then determine if it should be offered to clients at XML, and if so, if any restrictions are to be made. XML typically does not engage the services of outside council or other third-party services when reviewing new products through the Committee. However, we prefer to use the research services of entities experienced in the due diligence process when available.

Through the PIM Program, the IAR serves as a client’s portfolio manager. Through PIM, IARs with previous portfolio management experience, trading system training, and if requested by LMA, additional portfolio management training, are able to provide discretionary asset management services to clients. Through PIM, the IAR is able to offer clients a separately managed account in accordance with their management philosophy as described under Item 4 herein.

As a result of this arrangement, we have determined two potential conflicts that could arise:

1. The occurrence of front running or trading ahead, whereby an IAR could enter an order with the knowledge that a pending order that has not yet been entered or executed and thus may affect the market price of the security in question.
2. The IAR recommending the wrap fee program will receive compensation as a result of the client's participation in the program. The amount of this compensation may be more than what the IAR would receive if the client participated in another fee-based program or paid separately for investment advice, brokerage, and other services. The IAR, therefore, may have an inherent financial incentive to recommend the wrap fee program over other programs or services. The IAR’s compensation also varies in connection with each wrap program as based on the percentage of the total annual fee that is paid to the Clearing Firm. With the exception of PIM, as the account’s asset size increases, the percentage paid to the Clearing Firm decreases. For PIM the percentage is consistent across all asset levels.

To mitigate and manage these risks, XML employs the following practices:

1. XML has a Code of Ethics, which sets forth certain minimum expectations that we have for IARs trading in wrap programs. As detailed in this manual, employees cannot engage in front running or trading ahead on their own behalf or on behalf of any client or other person. We are committed to maintaining the highest standards of professional conduct and ethics in order to discharge our legal obligations to our clients, to protect our business reputation, and to avoid even the appearance of impropriety in our investment activities on behalf of clients. We have strict controls in place – such as discretionary block trading practices

to average price a trade across multiple accounts - to prevent and monitor this behavior. All personnel, regardless of role, are expected to conduct the Firm's business in full compliance with both the letter and the spirit of the law, and any other policies and procedures applicable.

2. The total fee charged by the IAR is negotiated between the client and the IAR. While the Clearing Firm has a recommended fee schedule, the IAR is able to set their own wrap fee based on the services provided to the client, the individual client needs and preferences and the nature of the relationship. Under the wrap programs, there are underlying costs that are deducted from the total program fee which are paid to the Clearing Firm. The IAR does not receive the total wrap fee. From the wrap fee, a sub-manager(s) fee (if selected) is deducted and the custodial and trading costs by the Clearing Firm. The Clearing Firm's basis point fee varies depending on the program selected and the asset level of the account. Minimum quarterly fees also are applied by the Clearing Firm. Therefore, the compensation to the IAR will vary depending on the program selected and asset level. The factors that could affect the recommendation for one program over another are vast. These can include: the account asset level, investment objective, liquidity needs, other holdings, diversification need, investor risk tolerance, investment restrictions or beliefs, market outlook, IAR's business model, and manager restrictions. We recommend the client discuss any concerns regarding the recommendation of a program.
3. XML has procedures in place to monitor and restrict questionable influence by outside third parties, such as fund companies and product sponsors.

Performance Based Fee

XML does not charge performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

Voting Client Securities

As a matter of Firm policy and practice, IARs do not have the authority to vote proxies on behalf of clients. Either the respective third-party discretionary portfolio manager or the client can be designated to vote proxies.

Risks

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by XML) will be profitable or equal any specific performance level(s).

Capital Risk

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

Credit Risk

Credit risk can be a factor in situations where an investment's performance relies on a borrower's repayment of borrowed funds. With credit risk, a client can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.

Currency Risk

Fluctuations in the value of the currency in which your investment is denominated may affect the value of your investment and thus, your investment may be worth more or less in the future. All currency is subject to swings in

valuation and thus, regardless of the currency denomination of any particular investment owned, currency risk is a realistic risk measure. Currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, Euro, Japanese yen, etc.).

Economic Risk

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are dependent on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

Financial Risk

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Lehman Brothers and Enron or many of the “dot com” companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

Higher Trading Costs

For any investment or strategy that involves active or frequent trading, you may experience higher than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

Inflation Risk

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

Interest Rate Risk

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once a client has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market could affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. Likewise, the reverse is generally true as well.

Legal/Regulatory Risk

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

Liquidity Risk

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

Margin Risk

- You can lose more funds than you deposit in a margin account. A decline in value of securities that are purchased on margin require you to provide additional funds to the custodian holding your margin account in order to avoid a forced sale of those securities or other securities in your account.
- The custodian holding your margin account can force the sale of securities in your margin account. If the equity in your account falls below the margin maintenance level required by law or below the custodian's "house" requirement, the custodian can sell the securities in your account to cover the margin deficiency. You will be responsible for any shortfall in the account after such sale.
- Securities can be sold without contacting you prior to sale. Some clients mistakenly believe they must be contacted before a margin call becomes valid and that securities in their accounts cannot be liquidated to meet the call unless they have been contacted ahead of time. Most firms will attempt to notify you of margin calls; however, they are not required to do so. Even if the custodian has contacted you to provide a specific date by which you can meet a margin call, the custodian can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to you.
- Unless you promptly respond to a notice call and direct your IAR which security to sell, you are not entitled to choose which securities in your margin account are liquidated or sold to meet your margin call. Because the securities are used as collateral for the margin loan, the custodian of your account has the right to decide which securities to sell in order to protect its interests.
- The custodian can increase its "house" maintenance requirements at any time and is not required to provide you with advance, written notice. These changes in policy can take effect immediately and may result in the issuance of a margin maintenance call. Your failure to satisfy this call may cause a forced liquidation in your account.
- You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to clients under certain conditions, a client does not have the right to the extension.

Market Risk

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

Operational Risk

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

Past Performance

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis frequently involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, clients should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer.

Strategy Risk

There is no guarantee that the investment strategies discussed in this document will work under all market conditions and you should evaluate your ability to maintain any investment you are considering in light of your own investment time horizon. Investments are subject to risk, including possible loss of principal.

Investment-specific Risks

There is no single type of investment instrument that one can predominantly recommend, however, please be mindful that all investments carry some form and degree of risk. Certain types of investments carry greater types and levels of risk than others and clients should make sure that they fully understand not only the investment product itself but also the inherent risk factors associated with such products.

ProShares UltraShort 20+ Year Treasury (TBT)

TBT is a leveraged and inverse exchange-traded product ("ETP"). ETPs are subject to market volatility and the risks of their underlying securities. Fixed income ETPs carry risks similar to those of bonds, including interest rate risk (as interest rates rise bond prices usually fall, and vice versa), issuer or counterparty default risk, issuer credit risk, inflation risk and call risk. Unlike individual bonds, many fixed income ETPs do not have a maturity date, so a strategy of holding a fixed income security until maturity to try to avoid losses associated with bond price volatility is not possible with those types of ETPs. ETPs which use derivatives, leverage, or complex investment strategies are subject to additional risks. TBT entails unique risks and is intended for sophisticated investors. As an inverse ETP, TBT attempts to mimic the opposite of the performance of its stated benchmark. As a leveraged ETP, TBT seeks to generate a return that is a multiple of its benchmark index's performance. The use of leverage generally increases risk, as it magnifies potential losses.

TBT has a single day investment objective, and the Fund's performance for periods greater than a single day will be the result of each day's returns compounded over the period, which is likely to be either better or worse than the index performance times the stated multiple in the Fund's investment objective, before accounting for fees and expenses. Compounding affects all investments, but has a more significant impact on an inverse leveraged fund. Particularly during periods of higher index volatility, compounding will cause results of periods longer than a single day to vary from two times the inverse (-2x) of the return of the index. For leveraged fund investors, it is particularly important to understand that the effect of compounding on leveraged funds is significantly magnified

and can cause gains and losses to occur much faster and to a greater degree. This effect becomes more pronounced as the volatility increases.

Investors should, therefore, monitor their holdings consistent with their strategies, as frequently as daily.

Carefully consider the investment objectives, risks, charges and expenses of a leveraged fund before investing. This and other information can be found in the summary and full prospectuses.

Risks Related to Options

- *Call Options.* The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the Securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.
- *Put Options.* The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.
- *Index or Index Options.* The value of an index or index option fluctuates with changes in the market values of the assets included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether the investor will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.
- *Time Decay* - All options have some kind of time value factored in to them, and typically the longer they have until expiration the higher that time value is. Therefore, options will always be losing some of their value as time goes on. Of course, this doesn't mean that they always go down in value, but time decay can negatively impact the value of any option that is held onto.
- *Liquidity* - Because there are so many different types of options, it's quite possible that any particular option might only be traded in very low volume. This can make it difficult to make the required trades at the right prices.

The Characteristics and Risks of Standardized Options booklet and supplements are written and published by The Options Clearing Corporation and must be provided to an investor prior to buying or selling options contracts. This booklet explains the purposes and risks of options transactions. You are encouraged to learn more about options at <http://www.cboe.com>. The booklet and supplements are offered free of charge and are available by asking your IAR or contacting Compliance at 7600 Leesburg Pike, Suite 120 East, Falls Church, VA

22043 or email information@laramayllc.com. We encourage clients to read this booklet if they will be investing in options. It would be nice to know that a consumer or client is reading this and has questions.

Cybersecurity

The computer systems, networks and devices used by LMA, XML and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs are incurred by these entities in order to prevent cybersecurity breaches in the future.

Item 7 – Client Information Provided to Portfolio Managers

In order to serve our clients and conduct day-to-day services with product vendors, we need to share non-public personal information in the normal conduct of our business with affiliates and with companies not affiliated with us. Updated client information received by us is shared in a timely manner with outside vendors as necessary. These updates are often provided daily. We need to share a client's personal information in order to process transactions, maintain accounts(s), and offer our products and services. This sharing allows us to provide better and more complete financial advice and comply with legal and regulatory requirements. When we share information with companies not affiliated with us who are under contract to perform services on our behalf, such as vendors that provide services directly related to an account's relationship with us, our agreements with these companies require that they keep client information confidential and not use such information for any unrelated purpose or they have privacy policies that restrict how they use the information visible to them. We share non-public personal information if required to respond to court orders and legal investigations. All clients should provide information on their investment objectives, financial circumstances, risk tolerance and any restrictions they wish to impose on investment activities. You agree to inform us in writing of any material change in your financial circumstances that might affect the manner in which your assets should be invested. Your IAR will be reasonably available to you for consultation on these matters, and will act on any changes in your Profile deemed to be material or appropriate as soon as practical after we become aware of the change. A copy of our Privacy Policy is available upon request and made public at the footer of our website www.xmlfg.com.

Item 8 – Client Contact with Portfolio Managers

Your primary contact for information and consultation regarding your account(s) is your IAR. In certain instances, your IAR will coordinate a response with a third-party Portfolio Manager (if applicable) or arrange for you to consult directly with a third party Portfolio Manager.

Item 9 – Additional Information

Disciplinary Information

The firm and its employees have not been involved in any legal, financial or other "disciplinary" events that would be material to our clients when evaluating us to initiate a Client/Adviser relationship or to continue a Client/Adviser relationship with us.

Other Financial Industry Activities and Affiliations

Broker/Dealer (affiliated entity)

LMA is a fully disclosed, introducing broker-dealer. Many IARs are also registered with FINRA and the applicable states as broker agents of LMA. Broker agents are only allowed to conduct securities transactions for residents of states in which they are registered or where an exemption from registration exists. Broker agents receive compensation in the form of commissions for effecting transactions in brokerage accounts and/or for selling commission-based products such as open-end mutual fund with share classes offering sales loads or 12b-1 fees, variable annuities, or subscription based investments.

Fee based vs. Commission

As some IARs are registered with both LMA and XML, they are able to offer clients both brokerage and investment advisory services. Clients should consider the type of investment plan they wish to establish. For some situations, one fee structure and arrangement could be more beneficial or cost effective over the other (fee based vs. brokerage). An account with a 'buy and hold' strategy typically would cost the client less if they established as a brokerage account where the client pays a broker commission and custodial transactional costs on trades in that account. The expectation is that there should be little trading in the account, thus lower costs. However, if a client wishes to utilize financial planning services, ongoing investment review and monitoring, rebalancing of investments and periodic changes, a fee-based program is typically more suitable and cost effective. Clients are encouraged to discuss these options with their IAR.

What is a commission/brokerage relationship?

When a broker-dealer representative ("broker") acts in a brokerage capacity, he/she does not enter into a fiduciary relationship with the client. For example, in a brokerage relationship, the broker learns the essential facts about the client and offers suitable recommendations at the time the recommendation is given. When acting as a broker, the primary service provided is the trading capabilities for the client's account. The broker earns a commission for the transaction or sale of a brokerage product. The client directs all trading in his/her brokerage account. With this type of account, the broker also provides recommendations to buy, sell, or hold assets in the account. It is the client's obligation to accept or reject these recommendations. Clients are able to view broker-dealer firms and broker reports through FINRA's BrokerCheck at <https://brokercheck.finra.org>.

What is a fee based/ investment advisory relationship?

When the IAR acts as an investment advisor representative (“IAR”), his/her primary service is investment advice and/or management of the client’s assets. Typically these services are paid for per an annual fee as outlined in an investment management agreement. As an investment advisory client, the IAR has a fiduciary duty, in accordance with the Investment Advisors Act of 1940, which means that the IAR ‘shall act in the best interest of the client without regard to the financial or other interest of the broker, dealer, or investment adviser providing the advice.’ In addition, the IAR must make full and fair disclosure of all material facts, especially potential conflicts of interest, and place the client’s interests before their own financial interest. The following are other obligations associated with a fiduciary duty; to have a reasonable, independent basis for investment advice, to acquire the best execution possible for client trades when they are responsible for placing account trades, that investment advice is suited to the client’s account investment objectives, needs and circumstances, and to not give one client an unfair advantage in relation to another. To assist in communicating this information to clients, XML provides a disclosure document, such as the ADV 2A Brochure, describing the services XML offers, fees, risks, affiliations and any conflicts between XML’s interests and the clients’ as well as the business backgrounds of key personnel. The 2B Supplement to the ADV brochure discloses information about the specific IAR.

A portion of the fees charged for the Programs described here will be paid to IARs by XML in connection with the introduction of Accounts as well as for providing client-related services within the Programs. This compensation could be more or less than an IAR would receive if you paid separately for investment advice, brokerage, and other services, depending on the program or services offered. In an advisory Account, you pay an investment management fee based on the percentage of assets in your Account in accordance with the investment advisory Program Agreement. Certain advisory Programs have higher total fees than other advisory Programs based on a number of factors including, but not limited to: asset size, use of a third-party manager, securities in account, anticipated number of trades, services provided by IAR. An inherent conflict of interest exists to the extent that an IAR has a financial incentive to recommend a particular advisory Program that results in additional or greater compensation to him/her.

Insurance Agency (affiliated entity)

LMA is also an insurance agency. Many IARs are also licensed insurance agents. LMA insurance agents can offer insurance products that have a selling agreement with LMA and which proper carrier appointments, educational and applicable state licensing requirements have been met. LMA and an insurance agent will receive compensation from the insurance company for products sold. The insurance commissions received are in addition to broker agent trading commissions or investment advisor fees earned as part of any other service at LMA or XML.

The recommendation that a client purchase a security or insurance product sold by an IAR presents a financial conflict of interest, as the receipt of commissions provides an incentive to recommend products based on compensation to be received. However it is part of the culture and policies at LMA and XML that a recommendation should be based on the needs and best interest for the client, not on the financial incentive of the representative. No client is under any obligation to purchase a security or insurance product from LMA and/or its agents. Clients are reminded that they can purchase securities and insurance products recommended by LMA through another, non-affiliated broker-dealer and/or insurance agency.

Continuing Education Provider (affiliated entity)

LMA has the ability to offer continuing education seminars for certified public accountants (CPAs). Educational presentations that comply with the applicable state criteria are occasionally held for CPAs attendance and qualify

for the respective number of continuing education credits toward their CPA designation. LMA does not charge a fee for these services. CPAs could refer their clients to LMA for LMA services.

Speaking engagements (other business activity)

On occasion IARs are asked to speak in an educational format on topics they are knowledgeable on. The audience varies between industry professionals, representatives from organization or individual retail consumers. We are supportive of our employees sharing their knowledge and expertise on important subject matters. While the majority of the speaking engagements are voluntary, sponsors of the events are allowed to provide the presenter with compensation for their time and preparation work. This could be in the form of a gift card, reimbursement of travel and/or meal expenses, or payment directly to XML for the speaker/IAR. All compensation paid in this manner will be logged and reviewed for potential conflicts of interest if paid by a product or service provider related to insurance, investment advisory or securities business through XML or our affiliated broker-dealer, LMA. Compensation cannot be paid directly to a IAR.

Industry Affiliations

XML is part of the Focus Financial Partners, LLC (“Focus”) partnership. As such, XML is a wholly-owned subsidiary of Focus Operating, LLC, which is a wholly-owned subsidiary of Focus. Focus also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADV.

As noted above, in certain investment vehicles managed by Stone Point collectively are principal owners of Focus, and certain investment vehicles managed by KKR collectively are minority owners of Focus. Because XML is an indirect, wholly-owned subsidiary of Focus, the Stone Point and KKR investment vehicles are indirect owners of XML. None of Stone Point, KKR, or any of their affiliates participates in the management or investment recommendations of our business.

XML does not believe the Focus Partnership presents a conflict of interest with our clients. XML and LMA utilize the accounting services of Focus Independence Services, LLC, but have no other business with other Focus Partners that is material to our advisory business or to our clients.

Focus, XML and LMA’s parent company, from time to time, holds partnership meetings and other industry and best-practices conferences, which typically include XML, LMA and other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including XML and LMA. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus partner firms, including XML and LMA. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause XML and/or LMA to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate. Conference

sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

For purposes of this section the definition of “Access Person” means: any person who: (1) has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or (2) is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. All directors, officers and partners of XML are presumed to be access persons and shall abide by the standards of fair and ethical conduct in all dealings with the public and others. The Code of Ethics addresses the following topics: prohibited activities, personal securities transactions, outside business activities and gifts.

In addition to the foregoing Firm standards, all Access Persons of XML must adhere to the following industry standards in all dealings with the public and strive for fair and ethical dealing with clients: excessive and unauthorized trading are not permitted; excessive mark-ups or commissions are not permitted; use of margin accounts is only allowed after principal approval; under no circumstances can an IAR open a discretionary trading account for a client without the approval of the Firm's designed principal; neither XML, nor any employee, is permitted to receive securities or hold client funds (i.e. cash, checks) - checks cannot be made payable to any individual person; Access Persons cannot engage in any form of fraudulent activity, such as opening fictitious accounts to execute transactions that would otherwise be prohibited; in making recommendations to clients as to the purchase of securities or mutual funds, Access Persons shall not make recommendations beyond a client's capability; free riding and withholding by clients is strictly prohibited (i.e. purchased securities must be paid for before they can be sold; sold securities must be delivered before cash proceeds can be used for other purposes); known or suspected illegal or unethical behavior must be promptly reported to a Firm principal, the Chief Compliance Officer (“CCO”) or Chief Executive Officer (“CEO”); and no retaliatory action of any kind will be permitted against anyone making such a report, and the Firm's managing partners and officers will strictly enforce this prohibition.

Gifts

Throughout the year and usually around the December holidays mutual fund wholesalers, product representatives and other vendors send the IARs and/or the branch offices gift items such as gift baskets, food items, stationery items or logo company promotional products. Due to industry rules, these are less than \$100/person in value. Non logo items are logged and aggregated for review with any other sponsorship or gifts by the same company during the year to review for concerns of favoritism or potential conflicts. Typically gifts are shared with all employees at the branch office.

Wholesaler/product sponsor events and third-party sponsorships

Mutual fund companies and product wholesalers often provide education opportunities, conferences and in-office presentations about their products and services, industry topics, and/or investment strategies for IARs and employees. We have allocated Wednesdays at noon at the Falls Church branch for in-office wholesaler meetings. IARs outside of the Falls Church office are also invited to attend via webinar and/or conference call when available. These meetings are held for those employees and IARs that are interested in attending and are not required. The wholesaler typically pays for lunch for themselves and meeting attendees.

On occasion, wholesalers will sponsor, in whole or in part, client events and contribute a monetary amount directly to the venue location or vendor. Sponsorship are indicated on the event invitation or notice. A wholesaler's

presence at a client event is not a product solicitation and care is taken that discussions are general and educational in nature and not product specific or a sponsor endorsement.

Product sponsors are allowed to make charitable contributions to events or organizations that a Supervised is involved with. These contributions, albeit are separate from the Firm and IAR, are logged nevertheless in the Firm gift and sponsorship records for an aggregate review for material instances of favoritism or questionable activity. Employees also attend product sponsor seminars and conferences that are paid by the product sponsor. When travel and event attendance costs are covered by the product sponsor, prior Firm approval is required by the CCO. While these measures are in place, nevertheless this could create a conflict of interest in the selection of choosing one product over the other. Per the Firm's Code of Ethics and general guiding principles, a IAR should do what is in the client's interest and not their financial compensation or quid pro quo obligation to a product sponsor. Therefore, should a client have any concerns about the reasoning for recommending one product over another, please discuss any concerns with the IAR.

Fiduciary Principles

All IARs must comply with all applicable federal securities laws, including the Securities Act of 1933 (the "Securities Act"), the Exchange Act, the Sarbanes-Oxley Act of 2002, the Investment Company Act of 1940, the Advisers Act, Title V of the Gramm-Leach-Bliley Act, Department of Labor ERISA rules, the Bank Secrecy Act as it applies to mutual funds and investment advisers, and any rules adopted thereunder by the SEC or the Department of the Treasury.

XML is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to investment management services and investment advice provided to ERISA plan clients, including ERISA plan participants. XML is also a fiduciary under the Internal Revenue Code (the "IRC") with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, IRAs and IRA owners (collectively, "Retirement Account Clients"). As such, XML is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a "PTE").

A conflict of interest arises and the prohibited transaction rules are implicated when XML recommends that an ERISA plan participant take a distribution from an ERISA Plan and roll it over to an IRA that XML advises or if XML recommends that an IRA owner transfer his IRA to an IRA that XML advises because XML will receive compensation that it would not have received absent the recommendation – i.e., the IRA advisory fee. When XML engages in this transaction, it relies on the PTE known as the Best Interest Contract Exemption or BICE which requires compliance with the "impartial conduct standards." The impartial conduct standards are designed to mitigate conflicts of interest by requiring that investment advice be in the "best interest" of the Retirement Account Client, that advisers not make any materially misleading statements and not charge a fee that exceeds a reasonable amount. The best interest standard requires that advisers act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use, based on the investment objectives, risk tolerance, financial circumstances and needs of the Retirement Account Client. This mirrors the prudent man standard of conduct and duty of loyalty found in ERISA. XML has

developed and implemented policies and procedures as part of our overall supervisory system to monitor and address prohibited transactions and the impartial conduct standards.

While we do our best, it is unrealistic to identify every an all potential or perceived conflicts of interest. What one person sees as a conflict, others may not. Each client/advisor relationship is unique on its own and individuals have their own experiences, preferences, expectations, opinions and perceptions. We would like to be as transparent as possible and ask that our clients talk with their IAR about the relationship, service expectations, compensation and fees and address any concern, The Firm's CEO and CCO are also very willing to discuss any client concern.

We would like to address common instances that we feel create a perceived conflict regarding the compensation received by a IAR:

- IARs in their capacity as licensed insurance agents recommend an annuity to a Retirement Account Client that results in compensation (e.g., a commission) that would not have been received absent the recommendation, then a conflict of interest arises. The recommendation should be based on the suitability and desire of the client's for the insurance product.
- The recommending of different Wrap programs as fee percentages paid to the Clearing Firm are different based on the fee-program and the account asset level, thus the IAR and XML will receive varied amounts of the annual fee. A conflict exists because the compensation XML and the IAR receives depends upon the particular program recommended.
- IARs who are also broker-dealer agents and able to receive sales compensation or commissions in connection with securities sold direct with a product sponsor or in brokerage accounts to a Retirement Account Client, results in a prohibited transaction for which an exemption is needed under ERISA rules.

IARs must act in the best interest of the client without regard to the financial or other interest of the broker, dealer, or investment adviser providing the advice. All IARs must comply with MSRB Rule G-17 in the conduct of their municipal securities or municipal advisory activities, if applicable, and shall deal fairly with all persons and shall not engage in any deceptive, dishonest, or unfair practice.

If any person becomes aware of any violation(s) or potential violation(s) of any of the provisions of the Firm's Code of Ethics police they have an affirmative obligation to report such violation(s) or potential violation(s) promptly to the Firm CCO.

Pre-Clearance Requirement for Certain Securities Transactions and Prohibited Securities Transactions

IARs are required to abide by Firm policies regarding making securities transactions on the Firm's Restricted Securities List. This includes purchasing certain securities due to the potential access an IAR has to material and non-public information or an affiliates' activity. XML has policies and monitoring procedures in place with regard to purchasing securities for personal and related accounts, which are incorporated in XML's Written Supervisory and Procedures. NOTE: A complimentary copy of XML's complete Code of Ethics will be provided upon request by contacting the CCO at 703-761-3907 or information@laramayllc.com.

Participation or Interest in Client Transactions, other Client Transactions

Advisory accounts held at the Clearing Firm use LMA as the fully disclosed, introducing broker-dealer and the Clearing Firm, where the accounts are held, to execute trades for the Firm's investment advisory accounts. Trades are generally expected to be executed only with the broker-dealer with which the client has entered into a contract. Clients should refer to their program agreement for details on what the investment fee covers and what the client is responsible for.

XML sponsors certain wrap fee programs through LMA and custodied at the Clearing Firm. By participating in one of the programs, clients instruct the IAR, or applicable third party sub-advisor(s), to direct all orders for the purchase and sale of securities to the Clearing Firm to execute, clear and settle all client orders received by LMA from IARs.

By directing brokerage to LMA and the Clearing Firm, the client may not necessarily receive best execution on each transaction. The client may pay higher brokerage fees or other transaction costs or greater spreads, or receive less favorable net prices, on transactions than would otherwise be the case if the IAR had discretion to place orders for the purchase and sale of securities for the client's account through other broker-dealers. Furthermore, the IAR and sub-advisor(s) submit trades for the same securities for other clients which could be through other broker-dealers ahead of client's trades. By executing non-directed trades ahead of the client's directed trades, the client may receive less favorable executions prices to such IAR and sub-advisor's other clients due to, among other things, market movements. In addition, at times LMA and the sub-advisor(s) may aggregate trades ("Block Trades") to average price trades of its other clients through other broker-dealers for the same securities as those being traded by the sub-advisor(s) through XML for the client. Block Trades typically obtain more favorable prices and brokerage charges than transactions excluded from the Block Trades.

In connection with its participation in various wrap programs on the Clearing Firm platform, LMA receives direct and indirect benefits through participation in these programs, such as receipt of client statements and confirmations, access to research related products and tools, discounts for conference attendance or prepared presentation materials and sales literature.

Best Execution

XML periodically distributes to the IAR's the order routing and trade execution reports of the primary custodians used by IARs to assist them in their decision in recommending to clients which custodian to use. Other factors that are considered are: custodial and broker-dealer costs, product offerings, trade settlement, execution quality, dependability, other account costs, industry compliance practices, customer service, and compatibility with the client activity needs or holdings.

XML, on a firm level, does not aggregate client orders. Trades are monitored for suitability, as pertaining to the client's goals and risk tolerances. Trades executed through LMA at the Clearing Firm are screened through a trading filtering and alert system. An LMA principal either approves, resolves, or cancels/corrects problematic trades. Trades are placed on an individual basis by each IAR. LMA itself does not engage in "block trades" on a principal basis and does not maintain an inventory. IARs or LMA will submit a block trade, such as for discretionary programs, whereby multiple clients of the IAR are purchasing or selling the same security at the same time. The executed price would be averaged for all accounts.

The securities that are traded for a client are traded in more than one marketplace. Consistent with the overriding principle of best execution and subject to applicable regulatory requirements, we rely on the Clearing Firm's discretion in selecting the market in which to enter your orders. They route client orders for over-the counter and listed equity securities to exchange venues, as appropriate, with best execution being the highest priority. They

receive compensation in the form of a per-share cash payment for directing order flow to these market makers. They consider a number of factors when determining where to send client's orders, including execution speed and price, price improvement opportunities, the availability of efficient and reliable order handling systems, the level of service provided, and the cost of executing orders. First Clearing strives to execute all held orders at prices equal to or better than the displayed national bid/offer price, up to the displayed size, at the time of execution.

As IARs operate independent of each other, there could be disparity among clients between securities held, strategies implemented and different trading price and execution times. It is possible that at any given time, while one IAR is recommending to a client to "buy" as another IAR could be recommending to another client to "sell" the same security. Likewise, third-party managers could be buying or selling the same security without knowledge of the activity of the client's investment activity held elsewhere.

An agency cross transaction occurs when an investment adviser acting either as a registered broker-dealer or through an affiliated broker-dealer executes for a fee a transaction between an advised client and a client of the broker-dealer. If LMA recommends an agency cross transaction it must first disclose to the client in writing the capacity in which it is acting and obtain the client's consent to the transaction.

Where it is determined that restitution is called for or that a trade must be cancelled and/or corrected, all or part of the disputed trade will be placed in LMA's Error Account and corrected accordingly. Any profit resulting from subsequent trade(s) is credited to the LMA Error Account to help to offset a loss resulting from another trade correction and can be carried over into the next month. However, trade losses must be promptly covered.

Related persons of XML (such as employees, IAR's or broker agents of the Firm) usually buy or sell for themselves or family accounts securities that they also recommend to clients. When possible, if a IAR is buying or selling securities for a personal or related account at the same time they are trading for clients, the trades will be aggregated as a block trade with the average price applied to all trades. If there is a discrepancy and a security is bought/sold for a client at the same time it is bought/sold by the IAR the lowest/highest price will go to the client. If the IAR is unable to block the trade for their personal account and the clients account (such as if the account types are different) the IAR will submit the client's trade first if the IAR is on the same side of the trade. If the client and IAR's activity is opposite, the IAR will submit their transaction first. Unsolicited and client directed trades will be executed per the client's request and consent and will not apply to these practices. Trades that require the client's consent will hold up the IAR's submission of a recommended client trade and therefore the IAR is permitted to trade their personal or related account prior to the client trade, and thus could receive a better price. Personal and related accounts are coded as such and monitored by supervisory personnel to identify conflicting trades. Additionally, statements of IAR personal accounts held outside of XML or LMA are reviewed on a monthly or quarterly basis (as published) for trading conflicts of interest. Clients should consult with the IAR regarding any conflicts of interest or concerns.

Review of Accounts

Accounts are reviewed by the IAR on an annual, quarterly and/or as-needed basis to ascertain whether the current asset allocation is consistent with the client's objectives and goals. If a client has a significant change in their suitability profile or account objectives they should notify their IAR promptly to update their information and ascertain if their current investment plan is still suitable or if changes need to be made. Likewise, if there are significant market changes or industry occurrences, these could also trigger an investment review. Each IAR is responsible for reviewing their clients' investment plan and making recommendations.

Clients will receive oral and/or written reports and updates regarding their accounts from the IAR. The IARs utilize applications through the custodian and third party software packages to generate reports for illustration and planning purposes for the client.

Custody

IARs and employees are prohibited from: accepting securities, holding client checks, serving as sole trustee for a client's assets, having check writing authority on behalf of clients, serving as general partner of a private placement/private fund or managing member of an LLC for a pooled vehicle, or be in possession of a client's username and password that would enable them to effect account transactions or withdraw funds. This would not apply to a IAR or employee whom, due to a spousal or family relationship, would serve in such a capacity. XML will not have physical custody of any of the client assets. However due to certain authorities granted in custodial new account applications XML is deemed by the applicable regulatory rules to have custody. XML satisfies the applicable regulatory requirements related to custody by, among other things, ensuring that an annual surprise audit is conducted by an independent, PCAOB-registered accounting firm.

The Clearing Firm calculates and deducts XML's advisory fees from the account per the Program Agreement. Accountholders must authorize the custodian to pay the XML advisor's fees from their account. It is the accountholder's responsibility to verify the accuracy of the fees. The custodians have no obligation to review or monitor these fees. It is recommended that the accountholder contact their IAR if they have any questions.

Clients should receive at least quarterly statements directly from the custodian that holds and maintains your investment assets. Clients also receive confirmations of transactions directly from the custodian as generated and can elect to decline these or receive in hard copy or electronically. **Clients should carefully review such statements and compare such official custodial records to any report or information that XML or a IAR provides or is viewed via a custodial feed in a third-party software or online portal.** Statements from different custodians could vary from one to another based on their accounting procedures, reporting dates, or valuation methodologies of certain securities.

Client Referrals and Other Compensation

The Firm does not currently provide compensation to any third-party solicitors for client referrals. However, the Firm may at its discretion, award bonuses to employees who refer and bring new clients to the Firm. This one-time bonus award is based on the assets to be managed at the time of account inception. There are no residual compensation paid to the employee.

Cash Sweep

For accounts held at the Clearing Firm clients can earn a rate of return on the uninvested cash balances in the account by automatically placing or "sweeping" cash balances into a sweep vehicle until such balances are invested or otherwise needed ("Cash Sweep"). Cash Sweep vehicles currently consist of Money Market Mutual Funds and a Bank Deposit Sweep, which is composed of interest-bearing deposit accounts at four banks affiliated with Wells Fargo & Company ("Bank Sweep"). Eligibility for each available sweep vehicle is determined by the Clearing Firm based on the type of account, although the Bank Deposit Sweep is the only available option for non-ERISA, non-discretionary IRAs or non-entity clients who elect the Cash Sweep Program.

LMA benefits financially from the Cash Sweep. LMA's agreement with the Clearing Firm provides for a monthly payment calculated on the average monthly net assets invested in the Bank Sweep or Money Market Sweep, except for ERISA assets, at a rate that increases as client balances increase. The Bank Sweep is significantly more profitable to LMA than any other cash sweep vehicle. The financial benefits are an incentive for to encourage clients to elect the Cash Sweep Program. The IARs recommending investment accounts, investment products and allocations are not compensated directly from revenue LMA receives from Cash Sweep Balances. Program Advisory fees charged on account values will include cash sweep balances.

We believe that the Bank Sweep is a suitable cash vehicle for clients because their cash is insured by the FDIC and protected from market risk. We note, however, that the interest paid to clients is lower than the interest paid on money market funds. **Important information regarding your options, bank aggregate amounts, FDIC and SIPC coverage and fees are available in the Cash Sweep Program Disclosure Statement provided when you opened your brokerage account and consult with us. Please read over this document carefully.**

You can elect not to participate in the Cash Sweep Program and/or periodically invest cash balances directly in available money market mutual funds or other products offered as direct investments outside of the Cash Sweep Program by providing instructions to your IAR.

Free credit & margin balances

The free credit balance is the cash held in a client's margin account that can be withdrawn by the client at any time without restriction. This balance is calculated as the total remaining money in a margin account after margin requirements, short sale proceeds and special miscellaneous accounts are taken into consideration. LMA's agreement with the Clearing Firm provides for the receipt of a rebate on client free credit balances. LMA charges interest on margin debit balances at a rate determined as the broker/dealer in accordance with the margin agreement, new account agreement, margin disclosure statement and state of interest charges, and earn the difference between the interest rate charged to clients and cost of funds. LMA's agreement with the Clearing Firm increases the profitability of margin lending as client margin debit balances increase. Clients decide whether to maintain margin balances.

Custodial Transition

To assist with the Clearing Firm transition in 2015, LMA received \$500,000 from the Clearing Firm to be used toward start-up and transition related expenses. This benefit presents a conflict of interest related to XML's recommendation of the Clearing Firm platform. LMA and XML periodically review First Clearing's services as described herein.

Account Charges

LMA receives all fees and charges that are applied to or deducted from clients' accounts at the Clearing Firm and then in turn LMA pays the Clearing Firm their portion of the fees and charges as per the clearing agreement and XML as per their agreements. In addition to the Cash Sweep and Free Credit & Margin revenue detailed above the Clearing Firm will remit to LMA a distribution fee payment when remitted or credited to the Clearing Firm by the fund companies or Bank (FDIC). At the Clearing Firm's sole discretion, any schedule of distribution fees can change, discontinue or issue a new schedule. XML also receives a percentage of certain account related charges applied by the Clearing Firm; 50% of the annual Investment and UGMA Account fee (if not waived), 37% of the ACAT outgoing Delivery Fee, and 60% of the Postage & Handling fee. These percentages may change as negotiated

between the Clearing Firm and XML. These charges are standard fees for opening and maintaining accounts and help off-set other account related servicing costs imposed by the Clearing Firm and paid for by XML.

Recruiting Cost Support Concession

During the term of the agreement with the Clearing Firm, LMA is eligible for a Recruiting Cost Support Concession for qualified financial advisors that join XML and who convert assets to the Clearing Firm as measured by the Clearing Firm. This could create an incentive for XML to recommend the Clearing Firm as a custodian. This arrangement would not result in additional or an increase in fee to the individual client as a result of this arrangement. Concession fees would be used to help offset XML's on-boarding and setup costs incurred to bring on a new advisor.

Financial Information

XML is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.
