

**Part 2A of Form ADV: Firm Brochure  
Item 1: Cover Page**



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Previous Revision – April 19<sup>th</sup>, 2023

**[www.newedgeadvisors.com](http://www.newedgeadvisors.com)**

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This brochure provides information about the qualifications and business practices of NewEdge Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 504-459-4391 or [wbrand@newedgeadvisors.com](mailto:wbrand@newedgeadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about NewEdge Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD#171351.

Please note that the use of the term "registered investment adviser" and description of NewEdge Advisors and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure**

NewEdge Advisors, LLC is required to advise you of any material changes to the Firm Brochure ("Brochure") from our last annual update. Since the annual amendment filed on March 30<sup>th</sup>, 2023, the following changes have been made:

- On or around August 1, 2023, free cash balances in eligible non-retirement accounts custodied at National Financial Services LLC will be automatically swept into the NewEdge Securities Bank Deposit Sweep Program (BDSP), which will become the only available sweep investment for BDSP eligible accounts. At that time, currently available money market sweep funds will no longer accept any new monies and all debits, including securities purchases and charges, will be satisfied first by redeeming shares of money market sweep investments, if any, until the balances are depleted while all new credits will be deposited into BDSP. Free cash balances in accounts that are not eligible for BDSP will be swept into the Fidelity Government Money Market – Capital Reserves Class (FZAXX).

## Item 3: Table of Contents

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## Item 4: Advisory Business

We specialize in wrap & non-wrap comprehensive portfolio management, financial planning and consulting, retirement plan consulting, referrals to third party money managers and, through certain investment adviser representatives (“IARs”), offer LPL sponsored advisory program services. Our sponsored wrap programs may utilize LPL Financial LLC (“LPL”), member FINRA/SIPC, Raymond James and Associates, Inc., member New York Stock Exchange/SIPC (“Raymond James”), Schwab Advisor Services division of Charles Schwab & Co., Inc. (“Schwab”) and/or Fidelity Brokerage Services LLC (“Fidelity”) for custodial relationships.

NewEdge Advisors, LLC (“NEA” or “the Firm”) offers services through our network of IARs. IARs may have their own legal business entities whose trade names and logos are used for marketing purposes and may appear on marketing materials and/or client statements. The client should understand that the businesses are legal entities of the IAR and not of NEA. The IARs are under the supervision of NEA, and the advisory services of the IAR are provided through NEA. NEA has the arrangements with the business entities listed in Schedule D of our Form ADV 1A.

We provide individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of Delaware. Our firm has been in business since 2012 and registered as an investment adviser since 2014. Our firm is wholly owned by NewEdge Capital Group, LLC.

### **Types of Advisory Services We Offer**

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We offer individualized investment advice to clients utilizing our comprehensive portfolio management service.

Each client can place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our comprehensive portfolio management service. We do not manage assets through our other services. NewEdge Advisors and its IAR reserve the right to terminate advisory services or to not initiate advisory services for a client if the requested restrictions are deemed unreasonable and beyond the Firm capacity to employ.

Our firms offer advisory services through multiple programs:

1. NEA Wrap Programs
2. NEA Non-Discretionary Programs
3. NEA Advisory Programs
4. NEA Manager of Managers Programs
5. LPL Sponsored Advisory Programs

Additionally, we offer general investment advice to clients utilizing the following services:

1. Financial Planning and Consulting
2. Retirement Planning Consulting

3. Plan Participant Non-Wrap Portfolio Management
4. Referrals to Third Party Money Managers
5. Pension Consulting Services
6. Business Consulting Services

#### **NEA WRAP PROGRAMS:**

We offer wrap fee programs as further described in Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”), which is a supplement to this Firm Brochure. Our wrap fee accounts are managed on an individualized basis according to the client’s investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

#### **NEA NON-DISCRETIONARY PROGRAMS:**

- **Limited Purpose Investment Agreement:**

As part of the Firm’s holistic approach to providing advice of the entirety of a client’s relationship, NEA offers services through a Limited Purpose Investment Agreement (“LPA”). The LPA establishes a non-discretionary relationship where clients can consolidate cash holdings and securities that are not part of the current active management programs and accounts. Cash balances residing in these accounts will be subject to Securities Investor Protection Corporation (SIPC) coverage limitations and Clients should consider these limitations when determining whether the LPA meets their needs related to their cash holdings. Besides being a non-discretionary account structure, the LPA is completed with the client with no advisory fee. Clients would be responsible for the transaction charges related to the limited activity that may occur in an LPA Account but will not have an ongoing fee for management services. NewEdge Advisors monitors the transactions in the LPA accounts as part of the firm’s oversight processes related to its advisory programs.

- **Non-Discretionary Advisory Services (“NDAS”):**

Under the NDAS program, a Client chooses an NEA IAR to act as the investment consultant to the portfolio. NEA obtains relevant financial and investment data from client relating to client’s participation in NDAS based on personal discussions and data collection in which the client’s goals and objectives are established based on the client’s particular circumstances.

The information will include a description of the investment objectives, risk tolerance and guidelines for the consultation of Client’s portfolio, including any investment restrictions imposed by the Client.

#### **NEA ADVISORY PROGRAMS:**

- **Advisors Choice (“AC”)**

This comprehensive fee program allows an IAR to manage a client's account in a customized manner in accordance with the client's risk tolerance and investment objectives. The IAR may offer advice on the following types of investments: equity securities, corporate debt

securities, commercial paper, certificates of deposit, municipal securities, investment company securities (mutual funds), United States government securities, and option contracts on securities. Investment strategies used may include both long and short-term purchases, short sales, purchases on margin, and option writing. AC is designed for accounts with a minimum asset value of \$25,000.

- **Financial Product Management (“FPM”):**

This is a comprehensive fee program which uses select mutual funds and/or ETFs generally held within a client’s 401(k) plan, 403(b) plan, or variable annuity sub-account. Although there is no stated minimum, FPM is generally designed for accounts with a minimum asset value of \$10,000. The component funds are chosen using the following criteria: past performance relative to its peer group, investment style and discipline, quality of fund management, and correlation with existing holdings.

Macro issues such as the market environment are also considered. The portfolio consists of a core group of funds with a longer time horizon, complimented by smaller allocations to style.

- **Mid Atlantic Fund Strategy (“MAFS”):**

This is a comprehensive model portfolio fee program which uses select mutual funds and/or ETF’s. Investment objectives are dependent upon the particular fund strategy selected. MAFS is designed for accounts with a minimum asset value of \$10,000. MAFS currently utilizes the Russell Investment Company Model Strategies, which are managed by Russell Investments, the BlackRock Research Model Portfolios, which utilize the BlackRock iShares Funds, the Fidelity Target Allocation Model Portfolios which use Fidelity Mutual Funds and ETF’s, and the Vanguard ETF strategic model portfolios, constructed by the Vanguard Investment Strategy Group. Russell, BlackRock, Fidelity and Vanguard are considered among the world’s leading asset consulting and investment management firms, providing investment advice, analytical tools, and funds to institutional and individual investors. MAFS may use other mutual fund/ETF model strategies in addition to those constructed by Russell, BlackRock, Fidelity and Vanguard.

#### **NEA MANAGER OF MANAGERS PROGRAM:**

NEA offers advisory management services to clients through our Manager of Managers Programs. We provide the client with an asset allocation strategy developed through personal discussions and data collection in which the client’s goals and objectives are established based on the client’s particular circumstances. The firm’s three programs are:

- **Mid Atlantic Portfolio Solutions (“MAPS”):**

NEA offers investment management and advice through Mid Atlantic Portfolio Solutions (“MAPS”), which provides consulting services and investment management services of third-party investment advisers. To be eligible for participation in MAPS, client accounts must have a minimum asset value of \$100,000.

The program provides asset consulting services in connection with the selection of the third-party investment advisers, taking into consideration the client’s investment

objectives, financial situation, risk tolerance, and reasonable investment guidelines. MAPS also provides asset allocation, ongoing consultations, and performance measurement reports.

NEA performs the third-party manager due diligence and performance reporting. NEA compiles an approved list of third-party investment advisers. To be included on the approved list, third party investment advisers are subject to a comprehensive review and analysis by NEA. NEA will run risk and return screens, and perform peer analysis reviews.

- **Separate Account Solutions (“SAS”):**

NEA offers investment management and advice through its Separate Account Solutions program (“SAS”). This program provides consulting and investment management services with third party investment advisers. To be eligible for participation in SAS, client accounts must have a minimum asset value of \$100,000.

The SAS program provides asset consulting services in connection with the selection of the third-party investment advisers, taking into consideration the client's investment objectives, financial situation, risk tolerance, and reasonable investment guidelines.

SAS also provides asset allocation, ongoing consultations, performance measurement reports and an investment policy if appropriate.

NEA operates SAS in conjunction with a program offered by Investnet Asset Management, Inc. (“Investnet”). Investnet is a third-party investment management firm providing investment management and investment advisory services through independent investment advisers. Investnet compiles an array of third-party investment advisers that provide discretionary investment management services. Investnet is providing only administrative services and is not responsible for the selection of the specific investment choices made with respect to the SAS program.

- **ManagerxChange Managers Program (MMP):**

This program is closed to new clients, however, clients currently in this program can continue to use it.

NEA offers investment management and advice through ManagerxChange Managers Program (“MMP”), which provides consulting services and investment management services of third-party investment advisers. MMP is generally designed for accounts with a minimum asset value of \$10,000.

The program provides asset consulting services in connection with the selection of the third-party investment advisers who manage model-based portfolios on a discretionary basis, taking into consideration the client's investment objectives, financial situation, risk tolerance, and reasonable investment guidelines. MMP also provides asset allocation, ongoing consultations, and performance measurement reports.

NEA performs the third-party manager due diligence and performance reporting. NEA compiles an approved list of third-party investment advisers. To be included on the approved list, third party investment advisers are subject to a comprehensive review and analysis by NEA. NEA will run risk and return screens, perform peer analysis reviews and have meetings on a periodic basis.

NEA performs management searches on various registered investment advisers. Based

on the client's individual circumstances and needs, we determine which selected registered investment adviser's ("adviser" or "asset manager") portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected asset manager. Clients should refer to the asset manager's Firm Brochure or other disclosure document for a full description of the services offered. Client meetings are available on a regular basis, or as determined by the client, to review the account.

On an ongoing basis, we monitor the performance of the asset manager(s). If we determine that a particular adviser is not providing sufficient management services to the client or is not managing the client's portfolio in a manner consistent with that client's financial objectives, then we may move the client's portfolio to a different asset manager and/or program sponsor. Under this scenario, our firm retains the discretion to hire and fire the asset manager and/or move the client's portfolio to a different program.

At least annually, we communicate with the client to review and update, as necessary, the client's financial objectives. However, should there be any material change in the client's personal and/or financial situation, we should be notified immediately to determine whether any review and/or revision of the client's financial objectives is warranted.

#### **LPL SPONSORED ADVISORY PROGRAMS:**

Strategic Wealth Management (SWM) is a custodial account opened with LPL which is used by NewEdge to manage client assets. NewEdge IARs use the SWM platform to directly manage their client(s) assets on either a discretionary or non-discretionary basis using the investment advisory agreements of NewEdge.

When appropriate certain advisors can provide additional advisory services through programs sponsored by LPL. Below is a brief description of each LPL advisory program available to us. NewEdge has imposed a stated firm maximum of 2.50% for the use of any advisory programs sponsored by NewEdge or through other entities available to the IAR of NewEdge, even though LPL advisory programs allow an annualized stated maximum of 3.00%. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the LPL Financial Form ADV Part 2A or the applicable LPL program's Wrap Fee Program Brochure and the applicable LPL Financial client agreement.

- **Manager Access Select Program (MAS):**

MAS provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. We will assist clients in identifying a third-party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL Financial. The Portfolio Manager manages clients' assets on a discretionary basis. We will provide initial and ongoing assistance regarding the Portfolio Manager selection process. A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

- **Optimum Market Portfolios Program (OMP):**

OMP offers clients the ability to participate in a professionally managed asset allocation



program using Optimum Funds Class I shares. Under OMP, the client will authorize LPL Financial on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. We will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. IARs will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL Financial will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL Financial will also have authority to rebalance the account. A minimum account value of \$15,000 is required for OMP.

- **Model Wealth Portfolios Program (MWP):**

MWP offers clients a professionally managed mutual fund asset allocation program. We will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. We initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL Financials' Research Department consistent with the client's stated investment objective. LPL Financials' Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected. The client will authorize LPL Financial to act on a discretionary basis to purchase and sell mutual funds, including in certain circumstances exchange traded funds and to liquidate previously purchased securities. The client will also authorize LPL Financial to effect rebalancing for MWP accounts.

The MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, we will have discretion to choose among the available models designed by LPL and outside strategists. A minimum account value of \$100,000 is required for MWP.

- **Personal Wealth Portfolios Program (PWP):**

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL Financial. We will have discretion for selecting the asset allocation model portfolio based on client's investment objective. We will also have discretion for selecting third party money managers (PWP advisors) or mutual funds within each asset class of the model portfolio. LPL Financial will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities. A minimum account value of \$250,000 is required for PWP.

- **Guided Wealth Portfolios (GWP):**

GWP offers clients the ability to participate in a centrally managed, algorithm-based investment program, which is made available to users and clients through a web-based, interactive account management portal ("Investor Portal"). Investment recommendations to buy and sell open-end mutual funds and exchange-traded funds are generated through proprietary, automated, computer algorithms (collectively, the "Algorithm") of Xulu, Inc., doing business as FutureAdvisor ("FutureAdvisor"), based upon model portfolios constructed by LPL and selected for the account as described below (such model portfolio selected for the account, the "Model Portfolio"). Communications concerning GWP are intended to occur primarily through electronic means (including but not limited to, through email communications or through the Investor Portal), although NewEdge

Advisors IARs will be available to discuss investment strategies, objectives, or the account in general in person or via telephone.

A preview of the Program (the “Educational Tool”) is provided for a period of up to forty-five (45) days to help users determine whether they would like to become advisory clients and receive ongoing financial advice from LPL, FutureAdvisor and NEA by enrolling in the advisory service (the “Managed Service”). The Educational Tool and Managed Service are described in more detail in the GWP Program Brochure. Users of the Educational Tool are not considered to be advisory clients of LPL, FutureAdvisor or NEA, do not enter into an advisory agreement with LPL, FutureAdvisor or NEA, do not receive ongoing investment advice or supervisions of their assets, and do not receive any trading services. A minimum account value of \$5,000 is required to enroll in the Managed Service.

### **FINANCIAL PLANNING & CONSULTING:**

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client’s current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client’s financial goals and objectives. This planning or consulting may encompass one or more of the following areas: investment planning, retirement planning, estate planning, charitable planning, education planning, corporate and personal tax planning, cost segregation study, corporate structure, real estate analysis, mortgage/debt analysis, insurance analysis, lines of credit evaluation, business, and personal financial planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create, or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney, or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

Where appropriate, and under written agreement with the Client, we may provide ongoing planning and consulting services for Clients who wish to be provided with such subscription-based services. These services will be delivered directly by the IAR, and payment thereof will be established using a 3<sup>rd</sup> party technology vendor – AdvicePay. AdvicePay will allow for the IAR and Client to establish an appropriate periodic payment plan (either monthly or quarterly) handled directly by the Client through electronic invoicing.

### **RETIREMENT PLAN CONSULTING:**

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include investment options, plan

structure and participant education. Retirement Plan Consulting services typically include:

- Establishing an Investment Policy Statement – Our firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options – Our firm will work with the plan sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation, and tolerance for risk.
- Investment Monitoring – Our firm will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility.

In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, “Excluded Assets”).

All retirement plan consulting services shall follow the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) of ERISA as designated by the 3(21) Investment Advisory Agreement with respect to the provision of services described therein and limited to only the services specifically elected to be performed per the executed agreement.

#### **PLAN PARTICIPANT NON-WRAP PORTFOLIO MANAGEMENT:**

We offer portfolio management services to participant level retirement accounts such as 401k, Profit Sharing Plans (“PSPs”), etc. These plans are offered through Fidelity via brokerage link accounts and Schwab through Personal Choice Retirement Accounts (PCRA). We offer Advisory services on 401k, 457, or other accounts not held at one of custodians by use of Pontera, a third-party platform that enables advisors to monitor, trade and rebalance their client’s assets regardless of where they are held. A non-wrap agreement is required to establish management of a held away account. Pontera accounts are only available for plan accounts for which the plan has an authenticated website with username and password credentials. The plan dictates the types of investments allowed in the Pontera account. The advisor is responsible for managing the account based on those existing investment options.

#### **REFERRALS TO THIRD PARTY MONEY MANAGERS:**

Our firm may utilize the services of a third-party money manager for the management of client accounts. Investment advice and trading of securities will only be offered by or through the chosen third-party money manager. Our firm will not offer advice on any specific securities or other investments in connection with this service. When referring clients, NewEdge Advisors requires our affiliated IAR to utilize only providers and strategies approved through the appropriate channels. NewEdge Advisors leverages due diligence resources of our strategic partnerships: LPL Financial, Fidelity, and NewEdge Securities, Inc., along with an internal review as may be required to meet the due diligence requirements for our clients. In order to assist in the selection of a third-party money manager, our firm will gather client information pertaining to the financial situation, investment objectives, and reasonable restrictions to be imposed upon the management

of the account.

Our firm, through its IAR, will review the financial situation and objectives of our clients to determine the need to communicate information to a third-party manager as warranted. IAR will additionally assist Clients in understanding and evaluating the services provided by the third-party money manager, including the review of third-party manager reports provided to the Client as may be necessary. Clients will be expected to notify their IAR of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

### **PENSION CONSULTING SERVICES:**

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates, and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

- Investment Policy Statement Preparation ("IPS"):

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

- Selection of Investment Vehicles:

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

- Monitoring of Investment Performance:

We monitor client investments continually, based on the procedures and timing intervals delineated in the IPS. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

- Employee Communications:

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide quarterly educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

## **BUSINESS CONSULTING SERVICES:**

NEA may provide consulting services to clients regarding their corporate and personal business affairs not involving securities. Fees of this nature are negotiable, and take the form of hourly fees, project fees, or contingent fees.

When NEA prepares a business plan or assists a client in the preparation of a package utilized in a request for bank financing, the client is billed on an hourly basis or on a fixed fee basis.

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. NEA has analyzed and offered advice on partnerships investing in private equity, managed futures, agricultural operations, communications ventures, research and development, equipment leasing, mortgage investment, private investments in financial institution securities, and energy and manufacturing companies. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

**LIMITATIONS:** As individuals of NEA may be registered as representatives of a broker-dealer and/or as insurance agents/brokers of various insurance companies, consulting recommendations are limited to only those products approved through the outside business activity process of those broker dealers.

## **Regulatory Assets Under Management**

As of December 31, 2022, we manage \$12,223,886,716 on a discretionary basis and \$480,615,939 on a non-discretionary basis.

## **Item 5: Fees & Compensation**

### **How We Are Compensated for Our Advisory**

Generally, NEA does not have stated account minimums unless specifically stated below in investment program offerings.

The maximum annual fee to be charged to the client's account(s) will not exceed 2.50%. The fee to be assessed to each account will be detailed in the client's signed advisory agreement with NewEdge Advisors, LLC, and as appropriate where LPL is the custodian, the LPL Account Application or LPL Tiered Fee Authorization form. Fees will be identified for Fidelity, Raymond James or Schwab directly through NewEdge Advisors, LLC. Where LPL is the custodian, Fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Where Fidelity, Raymond James or Schwab is the custodian, Fees are billed on a pro-rata basis quarterly in advance based on the average daily value of the account(s) on the last day of the quarter. Fees are negotiable and will be deducted from the account(s). If accounts are opened during the quarter, the pro-rata advisory fees will be deducted during the next regularly scheduled billing cycle. In rare cases, our firm will agree to direct bill clients. As part of this process, Clients understand the account custodian will send statements at least quarterly, showing all disbursements for each account, including the amount of the advisory fees paid to us. Please note that at LPL fees will be adjusted for deposits and withdrawals made during the quarter.

You provide authorization permitting the calculated fees to be paid by the terms detailed herein and within your investment advisory agreement.

Where LPL is custodian, LPL calculates the advisory fees for all fee schedules and deducts them from your account.

Where Fidelity, Raymond James or Schwab is the custodian, NewEdge Advisors provides the advisory fee schedules to the custodian, and the custodian will deduct the calculated fee from your account.

### **NEA Wrap Programs**

In a wrap fee arrangement, clients pay a single fee for advisory, brokerage, and custodial services. Client's portfolio transactions will be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by NEA, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients. The Firm does not manage wrap fee accounts differently than non-wrap fee accounts.

Please see the Investment Advisory Agreement ("IAA") for more information regarding your fees.

### **NEA Advisory Programs:**

- Advisors Choice

#### Equity and Balanced Accounts

|                           |                 |
|---------------------------|-----------------|
| \$25,000 - \$1,000,000    | 2.25% of assets |
| \$1,000,001 - \$2,000,000 | 2.00% of assets |
| Over \$2,000,000          | 1.75% of assets |

#### Fixed Accounts

|                           |                 |
|---------------------------|-----------------|
| \$25,000 - \$500,000      | 2.25% of assets |
| \$500,001 - \$1,000,000   | 2.00% of assets |
| \$1,000,001 - \$2,000,000 | 1.75% of assets |
| Over \$2,000,000          | 1.50% of assets |

A minimum of \$25,000 of assets under management is generally required for the Advisors Choice service. This account size may be negotiable under certain circumstances. NEA may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee. In some circumstances, the client may be offered an annual "flat-dollar fee" arrangement with NEA whereby an agreement is reached to provide a defined set of services for a sum certain, usually paid on a quarterly basis for the term of the agreement.

- Financial Product Management Strategy ("FPM")

|                |                 |
|----------------|-----------------|
| First \$50,000 | 2.50% of assets |
| Next \$200,000 | 2.25% of assets |

|                  |                 |
|------------------|-----------------|
| Next \$250,000   | 2.00% of assets |
| Next \$500,000   | 1.75% of assets |
| Over \$1,000,000 | 1.50% of assets |

Although there is no stated minimum, FPM is generally designed for accounts with a minimum asset value of \$10,000. Many financial products pay commissions. If commissions are payable to NewEdge Securities for the underlying managed investments, NEA will reduce the management fee by the commission rate contracted with the product vendor. An example of this would be if a variable annuity pays a 1% per year commission to NewEdge Securities, the quarterly fee would be reduced by 0.25% each quarter of that year. The offset will not include any non-commission charges of the custodian, which will be the responsibility of Client.

- Mid Atlantic Fund Strategy (“MAFS”)
 

|                           |                 |
|---------------------------|-----------------|
| \$ 10,000 - \$ 999,999    | 1.75% of assets |
| \$1,000,000 - \$1,999,999 | 1.50% of assets |
| \$2,000,000 and over      | 1.25% of assets |

MAFS is designed for accounts with a minimum asset value of \$10,000.

### **NEA Manager of Manager Programs**

Our annual fee for the Manager of Managers Programs is charged as a percentage of assets under management, according to the following schedules:

- Equity and Balanced Accounts
 

|                           |                 |
|---------------------------|-----------------|
| \$100,000 - \$1,000,000   | 2.75% of assets |
| \$1,000,001 - \$2,000,000 | 2.50% of assets |
| Over \$2,000,000          | 2.25% of assets |
- Fixed Income Accounts
 

|                           |                 |
|---------------------------|-----------------|
| \$100,000 - \$1,000,000   | 2.00% of assets |
| \$1,000,001 - \$2,000,000 | 1.75% of assets |
| Over \$2,000,000          | 1.50% of assets |

NEA pays a portion of the total fee to the third-party investment adviser. The third-party investment adviser's portion of the fee can range from .10% to 1.5% based upon the style of management and the asset class. For example, equity management may be more expensive than fixed income management. NEA's portion of the fee is usually the amount paid by the client net of the third-party investment adviser's fee. From NEA's portion of the fee, NEA pays the trading and custodial charges, if any. NEA also pays your IAR from NEA's portion of the fee. The IAR's compensation from the fee may be more than the IAR would have received if the client had participated in other NEA programs or if the client had paid separately for investment management, consulting, custody, brokerage, and other services. Therefore, the IAR may have a financial incentive to recommend the Manager of Managers programs over other programs or services.

A minimum of \$100,000 of assets under management is required for services under the MAPS & SAS programs and \$25,000 under the MMP program. This account size may be negotiable under certain circumstances. NEA may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**LPL Sponsored Advisory Programs:**

NewEdge Advisors has imposed a stated firm maximum of 2.50% for the use of any advisory programs sponsored by NewEdge Advisors or through other entities available to the IAR of NewEdge Advisors, even though LPL advisory programs allow an annualized stated maximum of 3.00%. Account fees are payable quarterly in advance. Fees are negotiable. The actual fee assessed will be disclosed in the program. LPL Financial serves as program sponsor, investment advisor and broker-dealer for the LPL Financial advisory programs. Our firm and LPL Financial share in the account fee and other fees associated with program accounts.

**Financial Planning & Consulting:**

We may charge a flat fee or ongoing fee (“subscription based”) for one-time or ongoing financial planning or consulting services. The total estimated fee, as well as the ultimate fee that we charge you will be based on the scope and complexity of our engagement with you and could vary from fees charged to other clients of the firm. Annual flat fees will not exceed \$200,000 and subscription fees will be subject to consultation with the client and the complexity of the ongoing engagement. The fee to be assessed and payment arrangements will be detailed in an agreement to be signed by you. Flat fee arrangements will be directly billed to you and due to us within 30 days of your financial plan being delivered or consultation rendered to you. Fees for ongoing services will be directly invoiced monthly, quarterly, or semi-annually. In all cases, we will not require a fee exceeding \$1,200 when services cannot be rendered within 6 months. Fees charged for financial planning services are negotiable and range from \$0.00 to \$500 per hour or a flat rate from \$0.00 to \$20,000 depending upon the complexity of the plan requested.

**Retirement Plan Consulting:**

Our Retirement Plan Consulting services may be based on the percentage of Plan assets under management or flat fee basis. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. Fees based on a percentage of Plan assets under management will not exceed 1.50%. Annual flat fees will not exceed \$60,000. The fee-paying arrangements for Retirement Plan Consulting service will be determined on a case-by-case basis and will be detailed in the signed consulting agreement.

**Plan Participant Non-Wrap Portfolio Management:**

Non-wrap managed retirement accounts offered through Fidelity via brokerage link accounts and Schwab through Personal Choice Retirement Accounts (PCRA) are held to a maximum fee of 1.25%. All held away management must be executed through Pontera and a maximum fee of 1.25% of account assets will be imposed. Pontera accounts are not eligible to be directly debited for advisory fees. Any advisory fees must be debited from an alternate Fidelity account, as indicated on the NewEdge Advisors Non-Wrap Retirement Investment Advisory Agreement or through [AdvicePay](#).

**Referrals to Third Party Money Managers:**

NEA does not receive compensation from third-party money managers as part of our referral to a manager. Certain third-party managers support the general efforts of NEA in the form of conference sponsorship and education during these events.

The billing procedures for this service will vary based on the chosen third-party money manager.



The total fee to be charged, as well as the billing cycle, will be detailed in the third-party money manager's ADV Part 2A and separate advisory agreement to be signed by the client.

### **Pension Consulting**

Our fees for Pension Consulting Services are based on a percentage of assets under advisement, according to the following schedules:

- Aggregate 401(k) Sponsor Assets in the 401k Consulting Program

|                             |                 |
|-----------------------------|-----------------|
| \$1,000,000 - \$25,000,000  | 1.00% of assets |
| \$25,000,001 - \$50,000,000 | 0.40% of assets |
| Over \$50,000,000           | 0.25% of assets |

Plan sponsors are invoiced in advance at the beginning of each calendar quarter.

- Non-Discretionary Advisory Services

|                         |                 |
|-------------------------|-----------------|
| \$ 1 - \$50,000         | 2.00% of assets |
| \$50,001 - \$250,000    | 1.75% of assets |
| \$250,001 - \$500,000   | 1.50% of assets |
| \$500,001 - \$1,000,000 | 1.25% of assets |
| \$1,000,000 and over    | 1.00% of assets |

### **Business Consulting Services**

Fees for consulting services to clients regarding their corporate and personal business affairs not involving securities are negotiable, and take the form of hourly fees, project fees, or contingent fees.

### **Other Types of Fees & Expenses**

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Wrap fee clients will not incur the transaction costs for trades. More information about this is disclosed in our separate Wrap Fee Program Brochure.

Non-Wrap Clients will incur transaction fees for trades executed by their chosen custodian. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

### **Termination & Refunds**

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be refunded. In calculating a client's reimbursement of fees, we will prorate the reimbursement according to the number of days remaining in the billing period.

Upon receipt of your notice of termination of LPL custodied accounts, LPL will process a pro-rata refund of the unearned portion of the advisory fees charged in advance at the beginning of the

quarter. For wrap fee program service provided with Fidelity, Schwab or Raymond James & Associates as the custodian, NEA will process the client refund as may be appropriate.

Financial planning and consulting clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice. For the purpose of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm. The termination of ongoing fees under such an agreement will be terminated immediately upon written notification by the Client.

Either party to a Retirement Plan Consulting Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party with written notice to terminate billing. Clients will be charged on a pro-rata basis, which considers work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

### **Commissionable Securities Sales**

Representatives of our firm may additionally be registered representatives of LPL Financial, LLC, Triad Advisors LLC, or NewEdge Securities. Members FINRA/SIPC. As such, they can accept compensation for the sale of securities or other investment products, including distribution or service (“trail”) fees from the sale of mutual funds. Clients should be aware that the practice of accepting commissions for the sale of securities presents a conflict of interest and gives our firm and/or our representatives an incentive to recommend investment products based on the compensation received. Our firm generally addresses commissionable sales conflicts that arise when explaining to clients these sales create an incentive to recommend based on the compensation to be earned and/or when recommending commissionable mutual funds, explaining that “no-load” funds are also available. NewEdge Securities and NEA share a common ownership. Through this common ownership, the Firm will have access to proprietary products or services offered by an affiliate. This affiliate receives fees for products or services offered, creating a conflict of interest in that the affiliate will collect fees or trading revenue on offered products or services. For these products or services, the firm will not impose quotas to sell these products or offer any differential compensation for any of the Firm’s employees who are also registered representatives of NewEdge Securities.

Our firm does not prohibit clients from purchasing recommended investment products through other unaffiliated brokers or agents.

### **Understanding Mutual Fund Share Class Selection / Mutual Fund and Exchange Traded Fund No Transaction Fee Networks**

Mutual Funds typically offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to the more commonly offered retail mutual fund share classes (typically, Class A, B and C shares), mutual funds may also offer institutional, or advisor share classes (the “lower cost share classes”) or other share classes that are designed for purchase in an account enrolled in investment advisory programs. These lower cost share classes usually have a lower expense ratio than other shares classes. In addition, lower cost share classes often do not charge a 12b-1 fee. The Firm will utilize the most appropriate mutual fund share classes for its portfolio allocations available to it. Regardless, clients may still be invested in funds with higher internal expenses when no lower cost share class for a fund is

available at the custodian or the client is not eligible due to investment minimums or other requirements.

Clients, when participating in certain sponsored programs or our wrap portfolio management services, should understand that a transaction charge for mutual fund and exchange traded fund (ETF) purchases and redemptions may occur in accordance with the appropriate custodial agreement. The applicable transaction charge varies depending on the amount of recordkeeping fees received by the custodian / broker-dealer from the mutual fund or ETF and/or whether the sponsor of the mutual fund or ETF participates in a No Transaction Fee (NTF) Network. When an NTF mutual fund or ETF is purchased in a client's account, the NTF fund's sponsor directs a payment to the custodian / broker-dealer on behalf and for the benefit of the client that is used exclusively as a credit to defray the bona fide transaction charge obligations of the client's account. When an NTF fund is sold, the custodian / broker-dealer waives the transaction charge to the IAR. Each custodian which provides execution and custodial services to NEA has a version of an NTF fund network specific to them and could vary across custodians.

Clients should understand the cost to the IAR of transaction charges may be a factor the IAR considers when selecting securities and determining whether to place transactions in accounts. Specifically, the IAR has a financial incentive to select NTF funds to avoid paying or to lower the transaction charges. While these transaction charges are not passed to the Client, this does create a conflict of interest. Clients should consider this conflict when monitoring the purchase of NTF funds as all such conflicts may have an impact on the investment performance of accounts.

Clients also should be aware that NTF funds may have higher ongoing internal expenses that can be used to offset payments made by sponsors for transaction charge waivers, and this can reduce the investment returns over time relative to other share classes of the same fund.

Certain Funds ("SWM Eligible Funds") in the Strategic Wealth Management (SWM) program contain 12b-1 fees. The list of available mutual funds in SWM is selected by LPL Financial, the program manager. In the SWM program, there are certain SWM Eligible Funds available for each fund family. In certain instances, the best available fund may be a share class containing a 12B-1 fee. The Firm does not receive or accept 12b-1 fees on advisory accounts; any 12b-1 fees generated through these funds will be retained by the custodian.

Most of the mutual funds included on the NEA platform do not pay NEA or our affiliates 12b-1 fees. Any 12b-1 fee payments we do receive for eligible mutual funds held in advisory Accounts are credited back to the client.

If the selection of mutual funds is related to any of the NEA proprietary models ("NewEdge Models"), the due diligence and evaluation of share class will be the responsibility of the investment personnel of NEA. If the account is being managed directly by an IAR of NEA, the due diligence and evaluation of share class will be the responsibility of the IAR directly.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transaction for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to NEA's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** NEA is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, NEA may only charge fees for investment advice about products for which our firm and/or our employees do not receive any commissions or 12b-1 fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

**NewEdge Securities Bank Deposit Sweep Program:** Free cash balances in eligible accounts held through NewEdge Securities Inc. ("NES") at National Financial Services ("NFS") can be swept into interest bearing FDIC-insurance eligible deposit accounts ("Deposit Accounts"). The interest rate you receive in Deposit Accounts is determined by NES, which is an affiliate of NEA. The rate is based on the amounts paid by the Program Banks to NES, less fees retained by NES and NFS. The combined maximum revenue that NEA and NFS can earn is limited to the Federal Funds Target Rate (as can be found online at <http://fred.stlouisfed.org/series/DFEDTARU> plus 0.25% (net of third-party fees) on an annualized basis, as applied across all Deposit Accounts (including brokerage accounts introduced by NES). In our discretion, we may reduce our fee and may vary the amount of the reductions among clients. The fee we receive may vary from bank to bank. The amount of fee received will affect the interest rate paid to customers by NFS. In addition to our fee, other service providers with respect to the Program will receive fees from NFS (collectively, with the fees paid to us and/or NFS, "Program Fees").

Your advisor may receive a portion of these fees or credits. In addition, NEA may receive cash compensation or credits in connection with the BDP for assets in the Deposit Accounts for Retirement Plans or Coverdell Education Savings accounts.

The revenue generated by NES through the Program is greater than revenues generated by other sweep options available to clients through NES or other brokerage firms and may be greater than other core account investment vehicles currently available to you or possible core account investment vehicles that we have used in the past or may consider using in the future. As a result of the fees and benefits described above, the Program may be significantly more profitable to NES than other available sweep options, if any. NES and/or NFS may also benefit from the possession and temporary investment of cash balances prior to the deposit of such balances in the Program.

In certain rate environments, Program Banks may also have the opportunity to earn income on the BDP assets through lending activity. Through the Program, each Program Bank will receive a stable, cost-effective source of funding. Each Program Bank intends to use deposits in the Deposit Accounts at the Program Bank to fund current and new businesses, including lending activities and investments. The profitability on such loans and investments is generally measured by the difference, or "spread," between the interest rate paid on the Deposit Accounts at the Program Banks and other costs of maintaining the Deposit Accounts, and the interest rate and other income earned by the Program Banks on those loans and investments made with the funds in the Deposit Accounts.

NewEdge seeks to address the foregoing conflicts by disclosing them to clients, such as in this Brochure. Clients should refer Item 10: Other Industry Activities and Affiliations below for further information

about the Program.

## **Item 6: Performance-Based Fees & Side-By-Side Management**

Our firm does not charge performance-based fees.

## **Item 7: Types of Clients & Account Requirements**

We have the following types of clients:

- Individuals and high net worth individuals;
- Trusts, estates or charitable organizations;
- Pension and profit-sharing plans;
- Corporations, limited liability companies and/or other business entities;
- Insurance Companies.

LPL Sponsored Advisory Programs have minimum account requirements of \$5,000 to \$250,000 depending upon the chosen program.

## **Item 8: Methods of Analysis, Investment Strategies & Risk of Loss**

The following methods of analysis and investment strategies may be utilized in formulating our investment advice and/or managing client assets, provided that such methods and/or strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

### **General Risks of Owning Securities**

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

The prices of, and the income generated by, most debt securities held by a client's account may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. For example, the prices of debt securities in the client's account generally will decline when interest rates rise and increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, "call" or refinance a security before its stated maturity, which may result in our firm having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities generally have higher rates of interest and may be

subject to greater price fluctuations than shorter maturity debt securities. Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken, and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.

The guarantee of a security backed by the U.S. Treasury, or the full faith and credit of the U.S. government only covers the timely payment of interest and principal when held to maturity. This means that the current market values for these securities will fluctuate with changes in interest rates.

Investments in securities issued by entities based outside the United States may be subject to increased levels of risk described above. Currency fluctuations and controls, different accounting, auditing, financial reporting, disclosure, regulatory and legal standards and practices could also affect investments in securities of foreign issuers. Additional factors may include expropriation, changes in tax policy, greater market volatility, different securities market structures, and higher transaction costs. Finally, various administrative difficulties, such as delays in clearing and settling portfolio transactions, or in receiving payment of dividends can increase risk. Finally, investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.

### **Methods of Analysis**

Securities analysis methods rely on the assumption that the companies whose securities are purchased and/or sold, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While our firm is alert to indications that data may be incorrect, there is always a risk that our firm's analysis may be compromised by inaccurate or misleading information.

**Charting:** In this type of technical analysis, we review charts of market and security activity to attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

**Cyclical Analysis:** Statistical analysis of specific events occurring at an enough relatively predictable intervals that they can be forecasted into the future. Cyclical analysis asserts that cyclical forces drive price movements in the financial markets. Risks include that cycles may invert or disappear and there is no expectation that this type of analysis will pinpoint turning points, instead be used in conjunction with other methods of analysis.

**Fundamental Analysis:** The analysis of a business's financial statements (usually to analyze the business's assets, liabilities, and earnings), health, and its competitors and markets. When analyzing a stock, futures contract, or currency using fundamental analysis there are two basic approaches one can use: bottom-up analysis and top-down analysis. The terms are used to distinguish such analysis from other types of investment analysis, such as quantitative and technical. Fundamental analysis is performed on historical and present data, but with the goal of making financial forecasts. There are several possible objectives: (a) to conduct a company stock valuation and predict its probable price evolution; (b) to make a projection on its business performance; (c) to evaluate its management and make internal business decisions; (d) and/or to calculate its credit risk.; and (e) to find out the intrinsic value of the share.

When the objective of the analysis is to determine what stock to buy and at what price, there are two basic methodologies investors rely upon: (a) Fundamental analysis maintains that markets

may misprice a security in the short run but that the "correct" price will eventually be reached. Profits can be made by purchasing the mispriced security and then waiting for the market to recognize its "mistake" and reprice the security.; and (b) Technical analysis maintains that all information is reflected already in the price of a security. Technical analysts analyze trends and believe that sentiment changes predate and predict trend changes. Investors' emotional responses to price movements lead to recognizable price chart patterns. Technical analysts also analyze historical trends to predict future price movement. Investors can use one or both different but complementary methods for stock picking. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Mutual Fund and/or Exchange Traded Fund ("ETF") Analysis:** Analysis of the experience and track record of the manager of the mutual fund or ETF to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. The underlying assets in a mutual fund or ETF are also reviewed in an attempt to determine if there is significant overlap in the underlying investments held in other fund(s) in the Client's portfolio. The funds or ETFs are monitored to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as our firm does not control the underlying investments in a fund or ETF, managers of different funds held by the Client may purchase the same security, increasing the risk to the Client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the Client's portfolio.

**Technical Analysis:** A security analysis methodology for forecasting the direction of prices through the study of past market data, primarily price and volume. A fundamental principle of technical analysis is that a market's price reflects all relevant information, so their analysis looks at the history of a security's trading pattern rather than external drivers such as economic, fundamental and news events. Therefore, price action tends to repeat itself due to investors collectively tending toward patterned behavior – hence technical analysis focuses on identifiable trends and conditions. Technical analysts also widely use market indicators of many sorts, some of which are mathematical transformations of price, often including up and down volume, advance/decline data and other inputs. These indicators are used to help assess whether an asset is trending, and if it is, the probability of its direction and of continuation. Technicians also look for relationships between price/volume indices and market indicators. Technical analysis employs models and trading rules based on price and volume transformations, such as the relative strength index, moving averages, regressions, inter-market and intra-market price correlations, business cycles, stock market cycles or, classically, through recognition of chart patterns. Technical analysis is widely used among traders and financial professionals and is very often used by active day traders, market makers and pit traders. The risk associated with this type of analysis is that analysts use subjective judgment to decide which pattern(s) an instrument reflects at a given time and what the interpretation of that pattern should be.

**Third-Party Money Manager Analysis:** The analysis of the experience, investment philosophies, and past performance of independent third-party investment managers to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. Analysis is completed by monitoring the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of the due-diligence process, the manager's compliance and business enterprise risks are surveyed and reviewed. A risk of investing with a third-party manager who

has been successful in the past is that they may not be able to replicate that success in the future. In addition, as our firm does not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for clients. Moreover, as our firm does not control the manager's daily business and compliance operations, our firm may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

## **Investment Strategies & Asset Classes**

**Asset Allocation:** The implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame. Asset allocation is based on the principle that different assets perform differently in different market and economic conditions. A fundamental justification for asset allocation is the notion that different asset classes offer returns that are not perfectly correlated, hence diversification reduces the overall risk in terms of the variability of returns for a given level of expected return. Although risk is reduced if correlations are not perfect, it is typically forecast (wholly or in part) based on statistical relationships (like correlation and variance) that existed over some past period. Expectations for return are often derived in the same way.

An asset class is a group of economic resources sharing similar characteristics, such as riskiness and return. There are many types of assets that may or may not be included in an asset allocation strategy. The "traditional" asset classes are stocks (value, dividend, growth, or sector-specific [or a "blend" of any two or more of the preceding]; large-cap versus mid-cap, small-cap or micro-cap; domestic, foreign [developed], emerging or frontier markets), bonds (fixed income securities more generally: investment-grade or junk [high-yield]; government or corporate; short-term, intermediate, long-term; domestic, foreign, emerging markets), and cash or cash equivalents. Allocation among these three provides a starting point. Usually included are hybrid instruments such as convertible bonds and preferred stocks, counting as a mixture of bonds and stocks. Other alternative assets that may be considered include: commodities: precious metals, nonferrous metals, agriculture, energy, others.; Commercial or residential real estate (also REITs); Collectibles such as art, coins, or stamps; insurance products (annuity, life settlements, catastrophe bonds, personal life insurance products, etc.); derivatives such as long-short or market neutral strategies, options, collateralized debt, and futures; foreign currency; venture capital; private equity; and/or distressed securities.

There are several types of asset allocation strategies based on investment goals, risk tolerance, time frames and diversification. The most common forms of asset allocation are strategic, dynamic, tactical, and core-satellite.

- **Strategic Asset Allocation:** The primary goal of a strategic asset allocation is to create an asset mix that seeks to provide the optimal balance between expected risk and return for a long-term investment horizon. Strategic asset allocation strategies are agnostic to economic environments, i.e., they do not change their allocation postures relative to changing market or economic conditions.
- **Dynamic Asset Allocation:** Dynamic asset allocation is similar to strategic asset allocation in that portfolios are built by allocating to an asset mix that seeks to provide the optimal balance between expected risk and return for a long-term investment horizon. Like strategic allocation strategies, dynamic strategies largely retain exposure to their original asset classes; however, unlike strategic strategies, dynamic asset allocation portfolios will adjust their postures over time relative to changes in the economic



environment.

- **Tactical Asset Allocation:** Tactical asset allocation is a strategy in which an investor takes a more active approach that tries to position a portfolio into those assets, sectors, or individual stocks that show the most potential for perceived gains. While an original asset mix is formulated much like strategic and dynamic portfolio, tactical strategies are often traded more actively and are free to move entirely in and out of their core asset classes.
- **Core-Satellite Asset Allocation:** Core-Satellite allocation strategies generally contain a 'core' strategic element making up the most significant portion of the portfolio, while applying a dynamic or tactical 'satellite' strategy that makes up a smaller part of the portfolio. In this way, core-satellite allocation strategies are a hybrid of the strategic and dynamic/tactical allocation strategies mentioned above.

**Debt Securities (Bonds):** Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero-coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. Bonds with longer rates of maturity tend to have greater interest rate risks.

Certain additional risk factors relating to debt securities include: (a) When interest rates are declining, investors have to reinvest their interest income and any return of principal, whether scheduled or unscheduled, at lower prevailing rates.; (b) Inflation causes tomorrow's dollar to be worth less than today's; in other words, it reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows." Inflation also leads to higher interest rates, which in turn leads to lower bond prices.; (c) Debt securities may be sensitive to economic changes, political and corporate developments, and interest rate changes. Investors can also expect periods of economic change and uncertainty, which can result in increased volatility of market prices and yields of certain debt securities. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. (d) Debt securities may contain redemption or call provisions entitling their issuers to redeem them at a specified price on a date prior to maturity. If an issuer exercises these provisions in a lower interest rate market, the account would have to replace the security with a lower yielding security, resulting in decreased income to investors. Usually, a bond is called at or close to par value. This subjects investors that paid a premium for their bond risk of lost principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.; (e) If the issuer of a debt security defaults on its obligations to pay interest or principal or is the subject of bankruptcy proceedings, the account may incur losses or expenses in seeking recovery of amounts owed to it.; (f) There may be little trading in the secondary market for particular debt securities, which may affect adversely the account's ability to value accurately or dispose of such debt securities. Adverse publicity and investor perceptions, whether based on fundamental analysis, may decrease the value and/or liquidity of debt securities.

**Exchange Traded Funds ("ETFs"):** An ETF is a type of investment company (usually, an open-end fund or unit investment trust) whose primary objective is to achieve the same return as a particular market index. Many ETFs are designed to track an index, so their performance is close to that of an index mutual fund, but they are not exact duplicates. A tracking error, or the

difference between the returns of a fund and the returns of the index, can arise due to differences in composition, management fees, expenses, and handling of dividends. ETFs benefit from continuous pricing; they can be bought and sold on a stock exchange throughout the trading day. Because ETFs trade like stocks, you can place orders just like with individual stocks - such as limit orders, good- until-canceled orders, stop loss orders etc. They can also be sold short. Traditional mutual funds are bought and redeemed based on their net asset values (“NAV”) at the end of the day. ETFs are bought and sold at the market prices on the exchanges, which resemble the underlying NAV but are independent of it. However, arbitrageurs will ensure that ETF prices are kept very close to the NAV of the underlying securities. Although an investor can buy as few as one share of an ETF, most buy in board lots.

Anything bought in less than a board lot will increase the cost to the investor. Anyone can buy any ETF no matter where in the world it trades. This provides a benefit over mutual funds, which generally can only be bought in the country in which they are registered.

One of the main features of ETFs is their low annual fees, especially when compared to traditional mutual funds. The passive nature of index investing, reduced marketing, and distribution and accounting expenses all contribute to the lower fees. However, individual investors must pay a brokerage commission to purchase and sell ETF shares; for those investors who trade frequently, this can significantly increase the cost of investing in ETFs. That said, with the advent of low-cost brokerage fees, small or frequent purchases of ETFs are becoming more cost efficient.

**Fixed Income:** Fixed income is a type of investing or budgeting style for which real return rates or periodic income is received at regular intervals and at reasonably predictable levels. Fixed-income investors are typically retired individuals who rely on their investments to provide a regular, stable income stream. This demographic tends to invest heavily in fixed-income investments because of the reliable returns they offer. Fixed-income investors who live on set amounts of periodically paid income face the risk of inflation eroding their spending power.

Some examples of fixed-income investments include treasuries, money market instruments, corporate bonds, asset-backed securities, municipal bonds and international bonds. The primary risk associated with fixed-income investments is the borrower defaulting on his payment. Other considerations include exchange rate risk for international bonds and interest rate risk for longer- dated securities. The most common type of fixed-income security is a bond. Bonds are issued by federal governments, local municipalities, and major corporations. Fixed-income securities are recommended for investors seeking a diverse portfolio; however, the percentage of the portfolio dedicated to fixed income depends on your own personal investment style. There is also an opportunity to diversify the fixed-income component of a portfolio. Riskier fixed-income products, such as junk bonds and longer-dated products, should comprise a lower percentage of your portfolio.

The interest payment on fixed-income securities is considered regular income and is determined based on the creditworthiness of the borrower and current market rates. In general, bonds and fixed- income securities with longer-dated maturities pay a higher rate, also referred to as the coupon rate, because they are considered riskier. The longer the security is on the market, the more time it has to lose its value and/or default. At the end of the bond term, or at bond maturity, the borrower returns the amount borrowed, also referred to as the principal or par value.

**Individual Stocks:** A common stock is a security that represents ownership in a corporation. Holders of common stock exercise control by electing a board of directors and voting on corporate policy. Investing in individual common stocks provides us with more control of what you are invested in and when that investment is made. Having the ability to decide when to buy

or sell helps us time the taking of gains or losses. Common stocks, however, bear a greater amount of risk when compared to certificate of deposits, preferred stock and bonds. It is typically more difficult to achieve diversification when investing in individual common stocks. Additionally, common stockholders are on the bottom of the priority ladder for ownership structure; if a company goes bankrupt, the common stockholders do not receive their money until the creditors and preferred shareholders have received their respective share of the leftover assets.

**Long-Term Purchases:** Our firm may buy securities for your account and hold them for a relatively long time (more than a year) in anticipation that the security's value will appreciate over a long horizon. The risk of this strategy is that our firm could miss out on potential short-term gains that could have been profitable to your account, or it's possible that the security's value may decline sharply before our firm decides to sell.

**Margin Transactions:** Our firm may purchase stocks, mutual funds, and/or other securities for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase stock without selling other holdings. Margin accounts and transactions are risky and not necessarily appropriate for every client. The potential risks associated with these transactions are (1) You can lose more funds than are deposited into the margin account; (2) the forced sale of securities or other assets in your account; (3) the sale of securities or other assets without contacting you; and (4) you may not be entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.

**Mutual Funds:** A mutual fund is a company that pools money from many investors and invests the money in a variety of differing security types based on the objectives of the fund. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value ("NAV") plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades. With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which is calculated daily after market close.

The benefits of investing through mutual funds include: (a) mutual funds are professionally managed by an investment adviser who researches, selects, and monitors the performance of the securities purchased by the fund; (b) mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as "Don't put all your eggs in one basket." Spreading investments across a wide range of companies and industry sectors can help lower the risk if a company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.; (c) some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.; and (d) at any time, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption.

Mutual funds also have features some investors might view as disadvantages: (a) investors must

pay sales charges, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.; (b) investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.; and (c) with an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor sells and makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit and cannot use losses to offset these gains.

**ESG (Environmental, Social, and Governance):** ESG is a framework that helps investors understand how an organization is managing risks and opportunities related to environmental, social, and governance criteria (sometimes called ESG factors, which are non-financial factors). While NEA strives to adhere to these factors, investors should understand being fully removed from ESG factors may be impossible in certain mutual funds, ETFs, and other investment vehicles.

**Options:** An option is a financial derivative that represents a contract sold by one party (the option writer) to another party (the option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). Options are extremely versatile securities. Traders use options to speculate, which is a relatively risky practice, while hedgers use options to reduce the risk of holding an asset.

*Call Option:* Call options give the option to buy at certain price, so the buyer would want the stock to go up. Conversely, the option writer needs to provide the underlying shares if the stock's market price exceeds the strike due to the contractual obligation. An option writer who sells a call option believes that the underlying stock's price will drop relative to the option's strike price during the life of the option, as that is how he will reap maximum profit. This is exactly the opposite outlook of the option buyer. The buyer believes that the underlying stock will rise; if this happens, the buyer will be able to acquire the stock for a lower price and then sell it for a profit. However, if the underlying stock does not close above the strike price on the expiration date, the option buyer would lose the premium paid for the call option.

*Put Option:* Put options give the option to sell at a certain price, so the buyer would want the stock to go down. The opposite is true for put option writers. For example, a put option buyer is bearish on the underlying stock and believes its market price will fall below the specified strike price on or before a specified date. On the other hand, an option writer who shorts a put option believes

the underlying stock's price will increase about a specified price on or before the expiration date. If the underlying stock's price closes above the specified strike price on the expiration date, the put option writer's maximum profit is achieved. Conversely, a put option holder would only benefit from a fall in the underlying stock's price below the strike price. If the underlying stock's price falls below the strike price, the put option writer is obligated to purchase shares of the underlying stock at the strike price.

The potential risks associated with these transactions are that (1) all options expire. The closer the option gets to expiration, the quicker the premium in the option deteriorates; and (2) Prices can move very quickly. Depending on factors such as time until expiration and the relationship of the stock price to the option's strike price, small movements in a stock can translate into big movements in the underlying options.

**Non-Traded REIT:** This is an alternative real estate investment designed to reduce or eliminate tax while paying dividends and/or providing returns on real estate appreciation. A non-traded REIT does not trade on a securities exchange and is therefore quite illiquid for extended periods of time. Major risks include business, concentration, credit, financial, inflation, interest rate, liquidity, manager, political and government.

**Short-Term Purchases:** When utilizing this strategy, our firm may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). Our firm do this in an attempt to take advantage of conditions that our firm believe will soon result in a price swing in the securities our firm purchase. The potential risk associated with this investment strategy is associated with the currency or exchange rate. Currency or exchange rate risk is a form of risk that arises from the change in price of one currency against another. The constant fluctuations in the foreign currency in which an investment is denominated vis-à-vis one's home currency may add risk to the value of a security. Currency risk is greater for shorter-term investments, which do not have time to level off like longer term foreign investments.

**Short Sales:** A short sale is a transaction in which an investor sells borrowed securities in anticipation of a price decline and is required to return an equal number of shares at some point in the future. These transactions have several risks that make it highly unsuitable for the notice investor. This strategy has a slanted payoff ratio in that the maximum gain (which would occur if the shorted stock was to plunge to zero) is limited, but the maximum loss is theoretically infinite (since stocks can in theory go up infinitely in price). The following risks should be considered: (1) in addition to trading commissions, other costs with short selling include that of borrowing the security to short it, as well as interest payable on the margin account that holds the shorted security. (2) the short seller is responsible for making dividend payments on the shorted stock to the entity from whom the stock has been borrowed. (3) stocks with very high short interest may occasionally surge in price. This usually happens when there is a positive development in the stock, which forces short sellers to buy the shares back to close their short positions. Heavily shorted stocks are also susceptible to "buy-ins," which occur when a broker closes out short positions in a difficult-to-borrow stock whose lenders are demanding it back. (4) regulators may impose bans on short sales in a specific sector or even in the broad market to avoid panic and unwarranted selling pressure. Such actions can cause a spike in stock prices, forcing the short seller to cover short positions at huge losses. (5) unlike the "buy-and-hold" investor who can afford to wait for an investment to work out, the short seller does not have the luxury of time because of the many costs and risks associated with short selling. Timing is everything when it comes to shorting. (5) short selling should only be undertaken by experienced traders who have the discipline to cut a losing short position, rather than add to it hoping that it will eventually work out.

**Trading:** Our firm could purchase securities with the idea of selling them very quickly (typically within 30 days or less). Our firm does this to take advantage of our predictions of brief price swings. Trading involves risk that may not be suitable for every investor and may involve a high volume of trading activity. Each trade generates a commission and the total daily commission on such a high volume of trading can be considerable. Active trading accounts should be considered speculative in nature with the objective being to generate short-term profits. This activity may result in the loss of more than 100% of an investment.

## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase, and your account(s) could enjoy a gain, it is also possible that the stock market may decrease, and your account(s) could suffer a loss. In addition, the methods of analysis, investment strategies and assets classes may have the following associated risks:

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

**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 hinged 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 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.

**Fixed Income Securities Risk:** Typically, the values of fixed-income securities change inversely with prevailing interest rates. Therefore, a fundamental risk of fixed-income securities is interest rate risk, which is the risk that their value will generally decline as prevailing interest rates rise, which may cause your account value to likewise decrease, and vice versa. How specific fixed income securities may react to changes in interest rates will depend on the specific characteristics of each security. Fixed-income securities are also subject to credit risk, prepayment risk, valuation risk, and liquidity risk. Credit risk is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of a bond to decline.

**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. Over 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 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 an investor has acquired or has acquired the rights to an investment that pays a rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market 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 rate (fixed or variable) of interest will go down. 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.

**Manager Risk:** There is always the possibility poor security selection will cause your investments to underperform relative to benchmarks or other funds with a similar investment objective.

**Market Risk:** The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company's intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk as may be observed by a drop in a security's price due to company specific events (e.g. earnings disappointment or downgrade in the rating of a bond) or general market risk (e.g. such as a "bear" market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

**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 often 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, investors 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 thereof.

**Tax and Legal Considerations:** You are responsible for all tax liabilities and tax return filing obligations arising from the transactions in your account or any other investment advice offered by us. Changing your investment strategy or engaging in portfolio rebalancing transactions may result in sales of securities which may subject you to additional income tax obligations. Consult your independent tax or legal advisor with respect to the services described in this Brochure. NEA does not provide tax, legal, accounting, estate or actuary advice, and this Brochure or any

other document received from NEA in connection with the Platform should not be construed as providing such advice.

**Cybersecurity Risks:** We must rely in part on digital and network technologies (collectively, “networks”) to conduct our investment advisory business. Such networks, including those of service providers, are susceptible to cyber-attacks that could potentially seek unauthorized access to digital systems for purposes such as misappropriating sensitive information, corrupting data or causing operational disruption. Cyber-attacks might potentially be carried out by persons using techniques that could range from efforts to electronically circumvent network security or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access. Cyber-attacks against, or security breakdowns, of us or our service providers, if applicable, may adversely impact us and our clients, potentially resulting in, among other things, financial losses; our inability to transact business on behalf of our clients; reputational damage; and/or additional costs. The Firm may incur additional costs related to cybersecurity risk management and remediation. In addition, cybersecurity risks may also impact issuers of securities in which we invest on behalf of our clients, which may cause our clients’ investment in such issuers to lose value.

### **Description of Material, Significant or Unusual Risks**

We generally invest client’s cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client’s cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to Comprehensive Portfolio Management as applicable.

## **Item 9: Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Effective November 1, 2021, Mid Atlantic Financial Management, Inc. was merged with and into GWM Advisors, LLC, with GWM Advisors, LLC changing its legal name to NewEdge Advisors, LLC. The disclosure set forth below pertains to Mid Atlantic Financial Management, Inc. (“MFAM”), and is being disclosed herein since NewEdge Advisors, LLC is the legal successor in interest to MFAM.

In 2018, MFAM was contacted by the staff of the U.S. Securities & Exchange Commission (“Commission”) regarding MAFM's earlier disclosures and practices related to the selection of mutual fund share classes that paid Rule 12b-1 distribution fees when a lower cost share class that did not pay 12b-1 fees was available. MAFM cooperated fully with the SEC staff regarding its inquiry respecting those matters and, on September 30, 2019, the Firm entered into a settlement with the SEC.

Under the settlement, MAFM, without admitting or denying any violation or wrongdoing, consented to findings related to alleged breaches of fiduciary duty and inadequate disclosures in connection with MAFM’s mutual fund share class selection practices and the fees it received. The settled administrative order states that, at times during the relevant period, MAFM



purchased, recommended, or held for advisory clients mutual fund share classes that charged 12b-1 fees instead of lower-cost share classes of the same funds for which the clients were eligible. The settled order also states that MAFM received 12b-1 fees in connection with these investments that MAFM failed to disclose in its form ADV or otherwise. Further, the order states that MAFM breached its duty to seek best execution for certain clients by investing them in mutual fund share classes that paid 12b-1 fees rather than lower-cost share classes, and that MAFM failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Investment Advisers Act of 1940 (“Advisers Act”) and the rules thereunder in connection with its mutual fund share class selection practices. As a result of the alleged conduct, the Commission found that MAFM willfully violated sections 206(2) and 206(4) of the Advisers Act and rule 206(4)-7 thereunder.

The order provides that MAFM shall cease and desist from committing or causing future violations, is censured, and will pay disgorgement of \$900,069, together with prejudgment interest and a civil money penalty in the amount of \$300,000 MAFM also agreed to certain undertakings under the settlement. In determining to accept MAFM’s settlement offer, the Commission considered other remedial acts promptly undertaken by MAFM and the cooperation afforded the SEC staff by the Firm.

MAFM has paid the civil money penalty and distributed disgorged funds to impacted clients. MAFM also has implemented operational and policies and procedures changes that it believes are reasonably designed to prevent future violations.

## **Item 10: Other Financial Industry Activities & Affiliations**

Representatives of our firm may also be registered representatives of LPL Financial, Triad Advisors or NewEdge Securities, Inc., members FINRA/SIPC and licensed insurance agents/brokers. As such, they may offer products and receive normal and customary commissions as a result of these transactions. A conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products based on the compensation they may earn and may not necessarily be in the best interests of the client. NewEdge Securities, Inc. shares common ownership of the Firm. Additional conflicts of interest exist in directing business to NewEdge Securities, Inc. as compensation received will increase the profit of the Holding Company of both entities.

LPL Financial, Triad Advisors, and NewEdge Securities and registered representatives receive commissions for executing securities transactions in client accounts with LPL Financial, Triad Advisors, and NewEdge Securities. While it is LPL Financial, Triad Advisors, and NewEdge Securities’ general policy to reduce transaction charges for securities transactions in NEA client accounts, clients are advised that these transaction charges may be higher than the commissions the client might pay if the transactions were executed at other broker/dealers.

NEA’s investment management and advisory services invest in mutual funds. A client that invests in mutual funds is subject to the payment of 12b-1 and/or shareholder servicing fees for distribution to the broker as set forth in the prospectuses of those mutual funds. When LPL Financial, Triad Advisors, NewEdge Securities is used as the broker/dealer to affect the transaction in mutual funds, it may receive the 12b-1 and/or shareholder servicing fees. Mutual

funds are sold by prospectus only. NEA has established policies and procedures to ensure that when purchasing mutual funds into client accounts, the selection provides the lowest cost share class eligible to purchase for that fund. Additionally, we have established systematic procedures to rebate to the client 12b-1 fees that are inadvertently incurred.

Institutional shares generally have lower expense ratios and are typically less costly for a client to hold than other share classes eligible for purchase within an advisory relationship. Clients should not assume that they will be invested in the share class with the lowest possible expense ratio and cost. The lowest-cost mutual fund share class for a particular fund may not be available through NEA or available for purchase within specific types of accounts.

NEA is under common control with Mid Atlantic Trust Company ("MATC"), a South Dakota non-depository trust company which handles the custody, directed trustee, paying agent, and reporting services for corporate retirement plans, and asset custody for some clients of NEA as recommended by their personal advisor. While NEA is not directly compensated by MATC for revenue generated due to this arrangement, it does benefit indirectly, due to the companies being under common control. Clients of NEA with custody at MATC have mutual fund and exchange traded funds ("ETF") trades initiated by MATC. As a practical matter, ETF trades are accumulated as received and then sent by MATC for execution every half hour starting at 9:15 am ET, rather than immediately. This practice may affect trade execution as the price received could be higher or lower than it would have been if immediately executed.

NEA clients may utilize MATC as a custodian for certain managed accounts. As the custodian of the account, MATC will hold cash pending transactions such as distributions, pending investments, trade settlements, program liquidity requirements and other transactions in a master cash account using one or more sub-custodial bank depositories. These are generally omnibus accounts in the name of MATC for the exclusive benefit of their customers, which are sub-accounted by MATC at the individual account level and reported to the client on their monthly statement or made available on a continuous basis via secure web access at [secure.macg.com](https://secure.macg.com).

When acting as custodian or directed trustee, MATC and/or its affiliates or agents, may retain, as part of their reasonable compensation, interest income and other benefits earned on certain uninvested plan cash ("Float"). The Float rate of return is based upon and approximates current short-term money market rates as in effect from time to time. In certain instances, NEA or its affiliates or agents may earn bank credits in lieu of interest, and in such instances that rate is generally the then current Federal Funds rate, plus some factor. Additional information related to this Float disclosure may be obtained at <https://www.macg.com/clients/trust-cash-deposit-disclosures/>.

While NEA and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of these individuals when making recommendations.

Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering the implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Management personnel of our firm may also be officers of NewEdge Securities, a registered broker/dealer. In their capacity as supervisory principals of NewEdge Securities, they devote time to the oversight of the operations of the broker/dealer.

Clients should be aware that the receipt of additional compensation by NEA and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. NEA endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we educate our employees regarding the responsibilities of a fiduciary, including the need to have a reasonable and independent basis for the investment advice provided to clients.

As previously disclosed, we recommend the services of various registered investment advisers to our clients. In exchange for this recommendation, we receive a referral fee from the selected investment adviser. The fee received by us is typically a percentage of the fee charged by that investment adviser to the referred client. The portion of the advisory fee paid to us does not increase the total advisory fee paid to the selected investment adviser by the client. We do not charge the client any fees for these referrals. We will only recommend advisers that pay us a referral fee.

NEA is under common control with NewEdge Wealth, LLC. NewEdge Wealth, LLC is an investment adviser registered with the SEC that provides investment advisory services to retail investors.

Please see Item 4 above for more information about the selection of third-party money managers. The compensation paid to our firm by third party managers may vary, and thus creates a conflict of interest in recommending a manager who shares a larger portion of its advisory fees over another manager. Prior to referring clients to third party advisors, our firm will follow the due diligence procedures detailed in Item 4 of this document. A potential conflict of interest in utilizing third party advisors may be an incentive to us in selecting one advisor over another in the form of fees or services. In order to minimize this conflict our firm will make our recommendations/selections in the best interest of our clients.

### **NES's Bank Deposit Sweep Program**

The Bank Deposit Sweep Program (the "Program" or "BDP") is a sweep investment vehicle used to hold cash free balances in accounts held at NFS. In the Program, cash balances in eligible accounts are deposited or "swept" into interest-bearing FDIC-insurance eligible Program deposit

accounts (“Deposit Accounts”) at one or more FDIC insured depository institutions that participate in the Program (collectively, “Program Banks”). Eligibility is based on account type and ownership of the account. Please refer to the Bank Deposit Disclosure Statement for details on account eligibility.

***On or around August 1, 2023 (the “Effective Date”), all free cash balances in eligible accounts held at National Financial Services will begin sweeping into the Bank Deposit Sweep Program (the “Program” or “BDSP”), which will become the only sweep option available for settling transactions and holding free cash balances. As of the Effective Date, existing money market sweep investments will not accept any new monies, and all debits, including securities purchases and charges, will be satisfied first by redeeming shares of money market sweep funds until the balances are depleted. Credits created thereafter by deposits, sales, interest and dividends will be swept into the Bank Deposit Sweep Program. Deposits in the Program are eligible, subject to limitations described in the Disclosure Document, to be insured, up to the applicable limits, by the Federal Deposit Insurance Corporation.***

Each Deposit Account constitutes a direct obligation of the Program Bank to the depositor and is not directly or indirectly an obligation of NES or NFS. Neither NES nor NFS guarantee in any way the financial condition of the Program Banks or the accuracy of any publicly available financial information concerning such Banks. The establishment of a Deposit Account does not create a direct account relationship between the depositor and the Program Banks. To the extent available in your account NFS, as your agent and custodian, will establish the Deposit Accounts for you at each Program Bank and make deposits to and withdrawals from the Deposit Accounts.

The interest rate you receive Deposit Accounts is determined by NES. It is based on the amounts paid by the Program Banks to NES, less fees retained by NES and NFS. The combined maximum revenue that NEA and NFS can earn is limited to the Federal Funds Target Rate (as can be found online at <http://fred.stlouisfed.org/series/DFEDTARU> plus 0.25% (net of third-party fees) on an annualized basis, as applied across all Deposit Accounts (including brokerage accounts introduced by NES). In our discretion, we may reduce our fee and may vary the amount of the reductions among clients. The fee we receive may vary from bank to bank. The amount of fee received will affect the interest rate paid to customers by NFS. In addition to our fee, other service providers with respect to the Program will receive fees from NFS (collectively, with the fees paid to us and/or NFS, “Program Fees”).

A list of participating Program Banks is available from your advisor. A current version of the Bank Deposit Sweep Disclosure Document can be found at <https://www.newedgecapitalgroup.com/brokerage-sweep/>. Should you have any questions regarding the Program, Program Banks, current interest rates or our compensation, please refer to [www.newedgecapitalgroup.com](http://www.newedgecapitalgroup.com) or direct any questions you may have to your advisor.

### **Relationship with Fidelity, Raymond James, Charles Schwab, and LPL (“custodian”)**

NewEdge Advisors maintains a business relationship with custodians, which are broker-dealer registered with the SEC and a member of FINRA and SIPC, which provides the Firm with operational and back-office support including access to a network of service providers. Through the custodians’ network of service providers, NEA has access to trading technology, transition support, reporting, custody, brokerage, investments, compliance and other related services. NEA reviews all such relationships, including the service providers engaged through NewEdge Securities, on an ongoing basis to ensure clients are receiving competitive rates in relation to the quality and scope of the services provided.

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

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by the officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all our associates.

Furthermore, our firm has established a Code of Ethics which applies to all our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is always an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We always require all our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics.

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics.

Likewise, related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients on the same day. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

## Item 12: Brokerage Practices

### Selecting a Brokerage Firm

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We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

Our firm may recommend that clients custody accounts with LPL Financial LLC (“LPL”), Triad Advisors, National Financial Services (“NFS”), or NewEdge Securities, members FINRA/SIPC, Raymond James and Associates, Inc. (“Raymond James”), Schwab Advisor Services division of Charles Schwab & Co., Inc. (“Schwab”) and/or Fidelity Brokerage Services LLC (“Fidelity”). Clients are advised that they are under no obligation to implement our recommendations and may choose a broker-dealer at their discretion. Clients may pay commissions or fees that are higher or lower than those that may be obtained from elsewhere for similar services.

The term "soft dollars" refers to funds which are generated by client trades “commission rebates or credits” being used by our firm to purchase products or services (such as research and enhanced brokerage services) from or through the broker-dealers whom our firm engages to execute securities transactions. In addition, neither our firm nor our related persons have authority to determine, without specific client consent, the broker-dealer to be used in any securities transaction or the commission rate to be paid.

Our firm, however, does receive some “eligible” products and services under safe harbor as determined under the Securities and Exchange Act, Section 28(e). These products and services include: national, regional or investment adviser specific educational events organized and/or sponsored by LPL Financial, Schwab, Raymond James or Fidelity; professional compliance; legal and business consulting; publications and conferences on practice management; information technology; business succession; employee benefits providers; human capital consultants; insurance; and marketing. In addition, these firms may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. They may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. While, as a fiduciary, our firm endeavors to act in its clients’ best interests, our recommendation/requirement that clients maintain their assets in accounts at LPL, Schwab, Raymond James or Fidelity may be based in

part on the benefit to our firm of the availability of some of the foregoing products and services and other arrangements, and not solely on the nature, cost, or quality of custody and brokerage services provided by LPL, Schwab, Raymond James and Fidelity, which creates a potential conflict of interest.

As a result of receiving such “eligible” products and services for no cost, our firm has an incentive to continue to place client trades through broker-dealers that offer those products and services. This interest conflicts with the clients' interest in obtaining the lowest commission rate available. Therefore, our firm must determine in good faith that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers. Our firm examined this potential conflict of interest when deciding to enter relationships with LPL, Schwab, Raymond James and Fidelity. We have determined that these relationships are in the best interest of our firm's clients and satisfy our client obligations, including our duty to seek best execution.

In seeking “best execution”, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. LPL, Schwab, Raymond James, and Fidelity also take into consideration the full range of a broker-dealer's services including execution capability, commission rates, and responsiveness. Although LPL, Schwab, Raymond James and Fidelity will seek competitive commission rates, they may not necessarily obtain the lowest possible commission rates for all account transactions.

Over-the-Counter (OTC) securities transactions are generally affected based on two (2) separate broker-dealers: (1) a “dealer” or “principal” acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity. Dealers executing principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client may also incur the transaction fee imposed by the executing broker-dealer. We do not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee. Transactions for each client account will be affected independently. We individually review each client's account and place trades accordingly. Despite being purchased or sold at approximately the same time all clients' transactions will incur individual transaction fees.

Our firm provides investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more accounts, they are affected only when our firm believes that doing so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, our firm attempts to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

### **Item 13: Review of Accounts or Financial Plans**

Our management personnel or financial advisors review accounts on a regular basis, but no less frequently than annually for our Comprehensive Portfolio Management, Third Party Money

Management and LPL Sponsored Advisory Program clients. The nature of these reviews is to determine whether client accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Our firm does not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when our Comprehensive Portfolio Management, Third Party Money Management and LPL Sponsored Advisory Program clients are contacted.

Financial Planning clients do not receive reviews of their written plans unless they act to schedule a financial consultation with us or if they have elected to receive such planning services through an ongoing fee or subscription-based engagement. We are willing to meet with flat fee or one-time clients upon their request to discuss updates to their plans or changes in their circumstances. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post financial plan meeting or update to their initial written financial plan through an ongoing arrangement.

Retirement Plan Consulting clients receive reviews of their pension plans for the duration of the pension consulting service. We also provide ongoing services to Retirement Plan Consulting clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Retirement Plan Consulting clients do not receive written or verbal updated reports regarding their pension plans unless they choose to contract with us for ongoing Retirement Plan Consulting services.

## **Item 14: Client Referrals & Other Compensation**

We may receive from LPL Financial, Schwab, Raymond James, Fidelity or a mutual fund company, without cost and/or at a discount non-soft-dollar support services and/or product, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services we may receive investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by us to assist us in our investment advisory business operations.

NewEdge Advisors regularly offers incentives to prospective IAR as a recruiting tool. In support of services provided by certain IARs of our firm, they have received a forgivable loan from LPL, Fidelity, Triad Advisors, Schwab, Raymond James or New Edge Capital Group, LLC, the parent company of NewEdge Advisors and our affiliated broker-dealer NewEdge Securities to assist with transitioning business onto the appropriate custodial platform. This loan may be forgiven by the issuing firm based on certain criteria, including the scope of business the IAR(s) engages in with the issuing firm to include the amount of client assets with the issuing firm. This presents a conflict of interest in that our firm's IARs may have a financial incentive to recommend that Clients maintain their accounts with a firm in order to benefit by having the loan forgiven. To the extent our firm's IARs recommend Client use an issuing firm for such services, it is because our firm and its IARs believe that it is in the Client's best interest to do so based on the quality and pricing of execution, benefits of the service for accounts, and other services provided by the firm.

Additional incentives are offered to prospective and current IARs under the Firm's Affinity Program. Under this program, the advisor is provided with readily accessible capital in the form



of a non-maturing promissory note to be used at the discretion of the IAR. The promissory note shall mature and be due in the event of termination of the IAR's association with the Firm or if the IAR's revenue drops below a stated percentage threshold. This creates a conflict of interest in that the terms of the note are contingent upon certain conditions being met by the IAR. Any specific incentives for IAR(s) responsible for managing a client's account, and the conflicts of interest these incentives create, are further described in the ADV Part 2B document of such IAR(s).

Our clients do not pay more for investment transactions effected and/or assets maintained at the issuing firm as a result of this arrangement. There is no commitment made by us to LPL, Fidelity, Triad Advisors, NewEdge Securities, Schwab, Raymond James or any other institution resulting from the arrangement.

### **Referral Fees**

We do pay referral fees (non-commission based) to independent professional partners (registered and non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-1 of the Investment Advisers Act of 1940. Each of these relationships is bound by a solicitor's agreement that outlines the responsibilities of all parties including the disclosure requirements made to a prospect for the advisory services of NewEdge Advisors.

### **Indirect Compensation and Referral Fees**

#### **Strategic Partners**

In addition to commissions or asset-based fees, NEA may receive compensation ("revenue sharing payments") from the below categories:

- *Packaged Products*: certain mutual funds, variable insurance products, fixed insurance products, direct participation programs, alternative investments, and unit investment trusts (UITs)
- *Retirement Plan Partners*: third-party firms, including plan recordkeeping platforms as well as investment managers of mutual funds and the issuers of annuities
- *Third Party Managers*: certain third-party money managers offered through accounts custodied away from the Broker-Dealer
- *Collateralized Lending Partners*: certain banking institutions that collateralize certain investment accounts to obtain secured loans

The above categories are hereinafter referred to as ("Strategic Partner" or "Strategic Partners"). Strategic Partners are selected, in part, based on the competitiveness of their products, their technology, their customer service and their training capabilities. Strategic Partners have more opportunities than other companies to market and educate our IARs on investments and the products they offer. Revenue sharing payments are typically calculated as a fixed fee, as an annual percentage of the amount of assets held by customers, or as a percentage of annual new sales, or as a combination. Strategic Partners pay NEA differing amounts of revenue sharing, for which the Strategic Partner receives different benefits. You do not pay more to purchase Strategic Partner investment products through NEA than you would pay to purchase those products through another broker-dealer or RIA. Additionally, revenue-sharing payments received by NEA are not paid to or directed to your IAR. Nevertheless, a conflict of interest exists, in that NEA is paid more if you purchase a Strategic Partner product, and your IAR indirectly benefits from Strategic Partner payments when the money is used to support costs of product review, marketing or training. This conflict of interest is mitigated by the fact that your IAR does not receive

any additional compensation for selling Strategic Partner products, and that the firm maintains policies and procedures to ensure recommendations are in your best interest.

From time to time, NEA also receives revenue sharing payments from companies that are not Strategic Partners, generally to cover meetings expenses.

### **Loans**

NEA provides loans to certain IARs as an incentive to establish, maintain, or expand their brokerage and advisory relationships. The repayments of such loans are typically dependent on the financial professional retaining affiliation with us through the end of the loan period. These loans create a conflict of interest for the financial professional to retain affiliation with the firm in order to avoid repayment of the loan.

### **Other Cash and Non-Cash Compensation**

In addition to reimbursement of training and educational meeting costs, NEA and its IARs may receive promotional items, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, and products, as permitted by regulatory rules. Additionally, sales of any mutual funds, variable insurance products and products, regardless of whether they are those of Strategic Partners, can qualify IAR for additional business support and for attendance at seminars, conferences, and entertainment events. From time to time, non-Strategic Partners attend Firm sponsored meetings for a fee.

### **Recruiting and Transition Assistance**

To assist in the costs of transitioning from another investment adviser, we provide various benefits and/or payments to certain IARs that are newly associated with the Firm. The proceeds of the transition assistance payments are intended to be used for a variety of purposes, including but not limited to, providing working capital to assist in funding the IAR's business, satisfying outstanding debt owed to the IAR's previous firm, technology set-up fees, marketing and mailing costs, stationery, and licensure transfer fees, moving expenses, office space expenses, and staffing support. The amount of the transition assistance is generally based on the size of the IAR's business established at his or her prior firm. This assistance is generally in the form of loans to the IAR and are forgiven by us based on the years of service with the Firm.

The receipt of the recruiting/transition assistance creates a conflict in that the IAR has a financial incentive to recommend a client to open and maintain an account with the Firm.

## **Item 15: Custody**

The Firm is deemed to have custody of client funds and securities because you give it the authority to have fees deducted directly from your account. Authorization to trade in client accounts (discretion) is not deemed custody. The Firm also has custody when a client has a standing letter of authorization (SLOA) instructing the Firm to disperse funds or securities from the client's account to a third party. As such, our firm has adopted the following safeguards in conjunction with the account custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.

- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The Firm or representative has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The Firm maintains records showing that the third party is not a related party of the Firm or located at the same address as the Firm.  
The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

SEC rules permit the Firm to forego the independent auditor surprise examination required by rule 206(4)-2 ("Custody Rule") under the Advisers Act if the seven conditions outlined above are met. If the Firm determines these conditions are not met, it will undergo a surprise examination by an independent auditor for those accounts that utilize third party standing letters of authorization.

The Firm's established procedures require that all client funds and securities must be held at a qualified custodian in a separate account for each client under that client's name. You or your representative will execute an agreement that establishes each account; therefore, you will know the qualified custodian's name and address as well as the way your funds or securities are maintained. Finally, the qualified custodian will deliver your account statements directly to you or your representative at least quarterly. You should carefully review those statements and compare them to any communication you receive from the Firm. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm. If you ever have questions about your statements, please feel free to contact the Firm, your representative or the qualified custodian.

## Item 16: Investment Discretion

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

### **Manager of Managers Program**

As previously disclosed in Item 4 of this brochure, we do not "manage" client portfolios in the traditional sense of the definition for clients that are part of the Manager of Managers Program, rather NEA manages the managers of client portfolios within this program. Accordingly, clients participating in this program grant us authority to hire and fire the selected asset managers managing client accounts.

Clients give us this authority when they sign a discretionary agreement with our firm, and may limit

this authority by giving us written instructions. Clients may change/amend these limitations by once again providing us with written instructions.

### **Item 17: Voting Client Securities**

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. If proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about proxy votes or other solicitations.

Third party money managers selected or recommended by our firm may vote proxies for clients. Therefore, except in the event a third-party money manager votes proxies, clients maintain exclusive responsibility for: (1) directing the way proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore (except for proxies that may be voted by a third-party money manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

### **Item 18: Financial Information**

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- We have never been the subject of a bankruptcy proceeding.