



PROSPERA

FINANCIAL SERVICES

Form ADV Part 2A Disclosure Brochure

Date of Brochure: September 30, 2026

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This Brochure provides information about Prospera Financial Services, Inc. and our qualifications and business practices. If you have any questions about this Brochure's contents, please contact us at 972-581-3000. 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 us is available on the SEC's website at www.adviserinfo.sec.gov. You can view our information on this website by searching for "Prospera Financial Services" or searching by our firm's CRD number (10740) or our SEC number (801-65845).

Item 2 – Summary of Material Changes

The following is a summary of the material changes made to this Brochure since the last annual update on September 30, 2025:

- Item 4 - Added the Summit Goldman advisory program
- Item 4 – Removed the RBC advisory program
- Item 8 – Disclosures added for various product types
- Item 9 – One disciplinary disclosure removed as it occurred over ten years ago
- Item 14 - Added additional compensation items

You may request a copy of our current Brochure at any time, without charge, by calling at 972-581-3000. Additional information about Prospera is available via the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with Prospera who are registered, or are required to be registered, as Investment Adviser Representatives of Prospera.

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Item 4 – Advisory Business

Introduction, Firm History and Owners

Prospera Financial Services, Inc. (referred to as PFS, Prospera, or we/us/our throughout this document) is a corporation formed under the laws of the State of Texas and is dually registered as an investment adviser and broker-dealer. We have been in business since 1982. We are registered with the Securities and Exchange Commission (SEC) as an investment adviser firm and as a broker-dealer firm. In our broker-dealer capacity, we are a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). We are wholly owned by Prospera Financial, LLC, which in turn is majority indirectly owned and operated by the following who hold the following offices in PFS: David Walter Stringer, Co-CEO, Richard Dean Pascuzzi, Secretary, and Tim Alan Edwards, Co-CEO.

This Brochure is intended to provide you with information regarding our investment advisory services, fee arrangements, qualifications, and business practices that should be considered before becoming our advisory client. Individuals who are appropriately licensed, qualified or approved as investment adviser representatives with us will be authorized to provide investment advisory services for us. Investment adviser representatives only provide services and charge fees based on the descriptions detailed in this document. However, the exact services you will receive and the fees you will be charged depend on your particular investment adviser representative. Fees also vary depending on your geographic location and/or your selected investment adviser representative. Investment adviser representatives are instructed to consider your individual needs when recommending an advisory platform.

Most of our investment adviser representatives are approved to also provide investment advice in their separate capacity as registered representatives of our dually registered broker-dealer and insurance advice as agents of our affiliated insurance agency Prospera Life & Annuity. When acting as a registered representative, these representatives will charge commissions on a per-transaction basis when implementing their advice for clients, and when acting as an insurance agent, these agents will receive insurance commission and trails when implementing recommending insurance sales for advisory clients. These are conflicts for your Financial Adviser to make insurance or brokerage investment recommendations.

When deciding which, if any, of the advisory programs available through us is appropriate for your needs, you should bear in mind that fee-based accounts, when compared with commission-based accounts, may result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, fee-based accounts may actually result in higher annual costs. The total cost for transactions under a fee account versus a commission account can vary significantly and depends upon a number of factors, such as account size, amount of turnover (number of transactions), type and quantities of securities purchased or sold, commission rates and the client's tax situation. Fee-based accounts also offer ongoing monitoring and a fiduciary standard of care, neither of which are offered in brokerage account, along with an annual review.

You should have a conversation with your investment adviser representative and read this Brochure carefully as it explains our programs in detail.

Our investment adviser representatives and their branch offices may use marketing names or other names that are held out to the public. Such names are known as "doing business as" or "dba" names. The purpose for using these other names is so that the investment adviser representative can create an identifiable brand that is specific to him or her personally, or to their branch office, but separate from us. While we allow our investment adviser representatives to use other names, they have been instructed to disclose on advertising and client correspondence that their advisory services and securities are offered through us.

Advisory Services Tailored to Individual Client Needs

Services are always provided based on individual client needs. This means, for example, that you are given the ability to impose restrictions on your accounts managed by us, including specific investment selections and sectors. Investment adviser representatives work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. Prospera will provide services that reflect prudence and diligence based on your stated investment objectives, risk tolerance, financial circumstances, and investment needs, without regard to the financial or other interests of us, your financial adviser or any affiliate or related entities.

Wrap-Fee Program versus Traditional Management Program

We provide asset management services through both wrap-fee programs and traditional management programs. Under a wrap-fee program, advisory services and transaction services are provided for one fee. This is different from traditional management programs whereby advisory services are provided for a fee, but transaction services are billed separately on a per-transaction basis. From a management perspective, there is no fundamental difference in the way we manage wrap-fee accounts versus traditional management accounts other than the way in which you pay for transaction services. Therefore, a wrap program will be cheaper for you compared to a traditional management account assessing a transaction charge if the management fee offered by your Investment Adviser Representative (IAR) is equal for both programs. It is a conflict if our IAR recommends a traditional management account assessing a transaction fee when a comparable wrap fee advisory

program is available due to the conflicts discussed herein.

Advisory Services

PFS provides its clients with investment management and/or consulting services in connection with programs we sponsor, Summit Advisory Programs and the Prospera Financial Planning Program, along with programs sponsored by Envestnet Asset Management, Inc. (Envestnet), SEI Asset Management (SEI), AssetMark Asset Management (AssetMark), and Wells Fargo Clearing Services (Wells Fargo, WFCS, First Clearing, or FCC). Envestnet is an SEC Registered Investment Adviser providing integrated portfolio, practice management and reporting solutions to PFS and our investment adviser representatives. SEI Asset Management and AssetMark Asset Management are both independent RIAs and third-party wrap fee managed program providers.

WFCS a registered broker-dealer and non-bank affiliate of Wells Fargo & Company also operates as First Clearing, a trade name, when carrying customer accounts and acting as custodian for funds and securities deposited through introducing firms such as PFS or as a result of transactions it processes for customer accounts. PFS requires using First Clearing as the qualified custodian and clearing broker-dealer for all client accounts established within the Summit Advisory Program. The custodians for the Summit-OP Advisory Program will vary depending on the assets managed and where those assets are kept, the Summit Schwab advisory program requires using Charles Schwab & Company as custodian, and the Summit Goldman advisory program requires using Goldman Sachs & Company (Goldman) as custodian. Recommending First Clearing, Schwab, or Goldman as custodian is based on several factors more thoroughly discussed in the Brokerage Practices section of this Brochure.

Programs offered by us and sponsored by Wells Fargo include:

- Private Investment Management ("PIM")
- Asset Advisor
- Private Advisor Network
- CustomChoice
- Customized Portfolios
- Personalized UMA
- FundSource and Pathways

While these Wells Fargo programs are described generally in our wrap brochure to this disclosure, these programs are sponsored, administered, controlled, and billed exclusively by Wells Fargo and its affiliates. PFS has described and represented these programs accurately and comprehensively to the best of its knowledge, but Wells Fargo's own disclosures will always be the controlling and definitive source for conflicts and features of these programs.

While you may be solicited to establish an account through any of the programs described in this document, not all programs offered are suitable for you. Therefore, your investment adviser representative must analyze your financial situation to recommend a program or service that is suitable for you. Further, if you have an account managed by us (i.e. the PFS investment adviser representative is responsible for selecting underlying portfolio holdings within client accounts) you will receive more personalized treatment than if your account is managed by selected third-party money managers (i.e. the selected money manager is responsible for selecting underlying portfolio holdings within client accounts).

PFS Investment Adviser Representative Managed Programs Sponsored by PFS

Each program described in this section requires that we enter into an advisory agreement together for services to be provided. Either of us may end the agreement by providing notice to the other party. In the event you end our services (preferably in writing), we will terminate the agreement effective with your notification. We may end our services at any time by providing you with written notice. If services are ended within five (5) business days of executing the agreement, services will be ended without penalty. If services are ended after five (5) business days, your accounts, including qualified and/or ERISA accounts, are charged a termination fee to close the Account.

Summit Advisory Program

PFS sponsors the Summit program, which is a wrap-fee program and does not bill transaction costs separately from the overall management fee. Through Summit, we provide investment supervisory and management services defined as providing continuous investment advice based on your individual needs. Services are provided on a discretionary (Adviser Directed) or non-discretionary (Client Directed) basis. Upon execution of a Summit Advisory Agreement, we will assist you in establishing an individual account (Account) with us (as the introducing broker-dealer) which is cleared through WFCS. All client accounts through the Summit program must be established through WFCS, which serves as the qualified custodian-broker-dealer. Your investment adviser representative will recommend a model or construct a portfolio for



you consisting of, but not necessarily limited to, cash, equity investments, fixed income, no-load mutual funds and mutual funds traded at NAV.

Summit Goldman Advisory Program

PFS sponsors the Summit Goldman program, which is a wrap-fee program and does not bill transaction costs separately from the overall management fee. Through Summit, we provide investment supervisory and management services defined as providing continuous investment advice based on your individual needs. Services are provided on a discretionary (Adviser Directed) basis. Upon execution of a Summit Goldman Advisory Agreement, we will assist you in establishing an individual account (Account) with Goldman as the introducing broker-dealer and clearing firm. All client accounts through the Summit Goldman program must be established through Goldman, which serves as the qualified custodian-broker-dealer. Your investment adviser representative will recommend a model or construct a portfolio for you consisting of, but not necessarily limited to, cash, equity investments, fixed income, no-load mutual funds and mutual funds traded at NAV. Third party managers may be utilized in this program at the discretion of your investment adviser.

Where a third party manager, model provider, or sub-adviser is used, that party may provide model portfolios, investment recommendations, trade signals, or discretionary management services, depending on the arrangement selected. PFS and the client's investment adviser representative remain responsible for determining whether the program and selected strategy are appropriate for the client based on information provided by the client, unless otherwise disclosed in the relevant third party management agreement or disclosure document.

Summit Schwab Advisory Program

PFS sponsors the Summit Schwab program, which is a wrap-fee program and does not bill transaction costs separately from the overall management fee. Through Summit, we provide investment supervisory and management services defined as providing continuous investment advice based on your individual needs. Services are provided on a discretionary (Adviser Directed) basis. Upon execution of a Summit Schwab Advisory Agreement, we will assist you in establishing an individual account (Account) with Charles Schwab as the introducing broker-dealer which is also cleared through Charles Schwab. All client accounts through the Summit Schwab program must be established through Schwab, which serves as the qualified custodian-broker-dealer. Your investment adviser representative will recommend a model or construct a portfolio for you consisting of, but not necessarily limited to, cash, equity investments, fixed income, no-load mutual funds and mutual funds traded at NAV.

Summit-Op Advisory Program

PFS sponsors the Summit-OP Advisory Program (Summit-OP), an investment advisory asset allocation program for assets held directly with outside custodians other than WFCS, Goldman, or Schwab. Summit-OP is not a wrap-fee program because it charges transaction costs and the outside custodian may also charge sub-account, mortality and expense, and product rider fees as well. Only PFS investment adviser representatives serve as portfolio managers (excluding underlying sub-account managers or other product investment management services) in Summit-OP. Therefore, participants in Summit-OP must be advisory clients of PFS. Through Summit-OP, we provide investment supervisory and management services defined as providing ongoing monitoring, investment advice, a fiduciary status, and an annual meeting based on your individual needs. Services are provided on a discretionary (Adviser Directed) or non-discretionary (Client Directed) basis. Upon execution of a Summit-OP Advisory Agreement, we will assist you in managing your individual account (Account) held away from our normal clearing platforms. The clearing firm or product sponsor serves as the qualified custodian for Accounts through Summit-OP. Your investment adviser representative will construct a portfolio for you based on the investment choices available to the Account from the Custodian or plan provider. The available investments choices may be more limited than those provided to Accounts established through our other Custodians discussed in this Brochure. We may also recommend using Sub-Advisers to manage all or a portion of your assets. Any unaffiliated Sub-Advisers recommendation shall be made on a non-discretionary basis, shall be based on your needs and will only include Sub-Advisers registered or exempt from registration in your home state. You will enter into an agreement directly with the unaffiliated Sub-Adviser(s). A complete description of the third-party investment adviser's services, fee schedules and account minimums will be disclosed in the Sub-Adviser's Form ADV or similar Disclosure Brochure which will be provided to you at the time an agreement for services is executed and an account is established. Your investment adviser representative will be available to answer questions you may have regarding the portion of your account managed by the Sub-Adviser and will act as the communication conduit between you and the Sub-Adviser. Sub-Advisers may take discretionary authority to determine the securities purchased and sold for your account. Sub-Adviser(s) fee shall be calculated and collected separately from the Summit-OP program fees described below.

Prospera Financial Planning Program

Upon execution of a financial planning agreement, PFS investment adviser representatives provide investment advice through the PFS Financial Planning Program, which provides advice only with execution being a separate charge. Financial planning services may be provided in the form of written financial plans or in the form of financial planning consultations. Services may be provided on a one-time basis or on an on-going basis as you selected and memorialized in the agreement. Financial planning services generally cover one or more of the

following six topics of concern: (1) financial situation, (2) income taxes, (3) insurance, (4) investments, (5) retirement planning, and (6) estate planning. To determine a suitable course of action, we perform a review of the variables that are presented. Such review may include, but would not necessarily be limited to, investment objectives, consideration of your overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to your particular circumstances. When we provide written financial planning services, we review your present financial situation and provide an analysis (usually in writing) and report of recommendations in accordance with your goals and objectives. This service may include an initial consultation and subsequent follow-up visits. If you are contracting for consultations only, you will not be provided with a written report or plan. Unless engaged separately to do so, you will be responsible for implementing the plan. You have the sole responsibility for determining whether or not to implement the recommendations made.

Adviser As Portfolio Manager (APM) Program

Investnet sponsors the Adviser as Portfolio Manager (APM) Program which allows your investment adviser representative to create, maintain and implement custom portfolio models regarding the assets in your account. Your investment adviser representative can create specific model positions and combine portfolio recommendations from a network of strategists and customize investment solutions. APM is a wrap-fee program, so it does not bill transaction costs separately from the overall management fee. Only investment adviser representatives of PFS serve as portfolio managers in APM. Therefore, participants in APM must be advisory clients of PFS. Through APM, we provide investment supervisory and management services defined as providing continuous investment advice based on your individual needs. Services are provided on a discretionary (Adviser Directed) basis. Upon execution of a Statement of Investment Selection/PortfolioStation Terms and Conditions Agreement, we will assist you in establishing an individual account (Account) with us (as the introducing broker-dealer) which is cleared through First Clearing. We rely on the sub-adviser for all or some of the following: development of model portfolios, expertise in certain strategies or disciplines, specific recommendations of securities, and general investment advice. In some situations, a sub-adviser may be used on a limited basis and in other situations a sub-adviser may perform more substantial services as well as tailor its advice to the needs and circumstances of specific circumstances and objectives.

Investment advice and trade signals provided by sub-advisers are not made in consideration or knowledge of individual clients' specific needs. Therefore, you will not enter into an agreement directly with the sub-adviser and the sub-adviser will not be provided access to your account(s) or confidential information. PFS is responsible for applying sub-adviser recommendations to your account(s). To do so, we are given discretionary authority to implement securities transactions in your account(s). When we use a sub-adviser to help manage your accounts, the decision to make changes in client accounts will typically be based on the sub-adviser's advice. PFS and your investment adviser representative are then responsible for accepting or rejecting any advice and recommendations provided by a sub-adviser and to make corresponding changes in your account.

Private Investment Management (PIM) and Asset Advisor Programs

PFS participates in the Private Investment Management (PIM) and Asset Advisor programs sponsored by Wells Fargo. PIM and Asset Advisor are wrap-fee programs, so they do not bill transaction costs separately from the overall management fee. Both programs allow the PFS investment adviser representative to provide on-going supervision and management services. PIM is an Adviser Directed program whereas Asset Advisor is a Client Directed program. All client accounts through the PIM and Asset Advisor programs must be established through First Clearing. The description provided in this section regarding the Wells Fargo sponsored programs we manage is intended to provide you with a brief summary of each program. Wells Fargo will provide you with a full description and disclosure document at the time you establish an account through either the PIM or Asset Advisor programs. Please note that some restrictions Wells Fargo places on PIM accounts for its own clients are not necessarily applicable to PFS clients, such as the ability to include certain types of securities (such as low-priced stocks or concentrated positions) in the account.

PFS Models Program

PFS acts as manager for accounts utilizing the PFS Models program. The PFS Models program relies on the investment advice and trade signals provided by sub-advisers. PFS implements trade orders, periodically updating and rebalancing the PFS Models program. Investment adviser representatives may select the PFS Models Program in the Summit Advisory Program, Summit Goldman, and the PIM program sponsored by Wells Fargo. When we hire a sub-adviser, we rely on the sub-adviser for all or some of the following: development of model portfolios, expertise in certain strategies or disciplines, specific recommendations of securities, and general investment advice. In some situations, a sub-adviser may be used on a limited basis and in other situations a sub-adviser may perform more substantial services as well as tailor its advice to the needs and circumstances of specific circumstances and objectives. Sub-advisers may also be unpaid but receiving compensation due to recommending we purchase their proprietary or affiliated securities. This is a conflict for us to recommend these securities as clients may pay more than for similar securities, while we do not pay the sub-advisers for these recommendations. Investment advice and trade signals provided by sub-advisers are not made in consideration or knowledge of individual clients' specific needs. PFS is responsible for applying sub-adviser recommendations to your account(s). To do so, we are given discretionary authority to implement securities transactions in your account(s).

Schwab Marketplace Models Program

PFS acts as the money manager for the PFS Managed Models on Schwab Marketplace ("Schwab Models"). Third Party RIAs may select client accounts to be managed by us in this program with assets custodied at Charles Schwab. PFS is responsible for managing these portfolios generally, and they are not specifically tailored to any client. The Third-Party investment adviser is solely responsible for incepting accounts into the Schwab Models, and we do not provide any tailored investment advice to Schwab Model clients. This Brochure acts as our disclosure document for the Schwab Models program. There is no minimum account size for the Schwab Models, and our maximum fee charged will not exceed 2.15% billed quarterly in arrears on the first trading day of the quarter based on the value of account as of last day of preceding quarter. No fee adjustments will be made for partial withdrawals or for account depreciation or appreciation within a billing period. The fee only covers investment management by us and does not include transaction costs, account fees, internal investment fees, or fees billed by Schwab or the introducing third party RIA.

Third-Party Money Manager Programs Sponsored by Envestnet, SEI, and AssetMark

PFS participates in programs sponsored by Envestnet, SEI, and AssetMark (the "Third Party Platforms") where PFS investment adviser representatives assist you in allocating your assets among one or more third-party money managers. Through Separately Managed Account and Unified Managed Account programs, the Third Party Platforms may be provided discretionary authority to select and remove underlying third-party money managers. Under this type of arrangement, the Third Party Platforms and/or your PFS investment adviser representative do not have to receive your authorization to add or remove a money manager. When you do not grant discretionary authorization to select and remove third-party money managers, you must provide us and the custodian with written instructions to add or change a money manager.

Envestnet retains Sub-Managers for portfolio management services through separate agreements entered into between Envestnet and the Sub-Manager on terms and conditions that Envestnet deems appropriate. For certain Sub-Managers, Envestnet entered into a licensing agreement with the Sub-Manager, where it would perform administrative and/or trade order implementation duties at the direction of the Sub-Manager. In such situations, the Sub-Manager is a Model Provider. Many of the asset managers available in the Envestnet sponsored programs are accessed through the use of investment models ("Third Party Models"), whereby the asset manager, acting as a "Model Provider," constructs an asset allocation and selects the underlying investments for each portfolio. Envestnet performs overlay management of the Third-Party Models by implementing trade orders, periodically updating and rebalancing each Third-Party Model pursuant to the direction of the Model Provider. Envestnet may, from time to time, replace existing Model Providers or hire others to create Third Party Models and cannot guarantee the continued availability of Third-Party Models created by particular Model Providers. The description provided in this section regarding the Envestnet sponsored programs we manage is intended to provide you with a brief summary of each program. Envestnet will provide you with a full description and disclosure document at the time you establish an account through any of the programs. In addition, you will receive a disclosure document for all third-party money managers who manage your assets. Only third-party money managers that are registered as investment advisers or are exempt from investment adviser registration will be recommended.

The SEI Asset Management Program through Prospera offers clients a managed account using a series of model strategies ("Model Strategies") provided to Prospera by SEI Investments Management Corporation ("SEI"), an SEC-registered investment adviser, whereby Prospera makes available model portfolios consisting of no-load and load-waived mutual funds advised by SEI or separate account program portfolios comprised of mutual funds, individual securities, cash, cash equivalents, and/or other investments managed by SEI or a separate portfolio manager. The adviser will assist the client in determining the appropriateness of the account and will help the client establish an asset allocation policy. SEI will determine the portfolio managers and investment allocation within each model portfolio. SEI Private Trust Company ("SPTC") will invest the account according to the client's chosen asset allocation policy and will rebalance or reallocate the investments within the account. Generally, rebalancing will occur on a monthly basis. SEI may change the relative allocation among the funds in the models, as well as the funds and portfolio managers included in the models. Such changes in the asset allocations of the model portfolios will generally be effected on a quarterly basis. Account assets are held in custody by SPTC. Clients will enter into a separate custodial agreement with SPTC to participate in the program and are subject to SPTC fees and charges for their services. Clients will receive from SPTC account statements no less frequently than quarterly detailing account activity and positions held in the account at period-end, as well as an annual tax reporting statement from SPTC. Clients may also receive quarterly performance updates showing the investment performance of the account. Prospera shares in client fees for accounts introduced to SEI, which is a conflict to recommend this platform.

The AssetMark Management Program through Prospera offers clients a managed account using a series of model strategies ("Model Strategies") provided to Prospera by AssetMark Asset Management ("AssetMark"), an SEC-registered investment adviser, whereby Prospera makes available model portfolios consisting of no-load and load-waived mutual funds advised by AssetMark or separate account program portfolios comprised of mutual funds, individual securities, cash, cash equivalents, and/or other investments managed by AssetMark or a separate portfolio manager. The adviser will assist the client in determining the appropriateness of the account and will help the client establish an asset allocation policy. AssetMark will determine the portfolio managers and investment allocation within each model portfolio based on the client's chosen asset allocation policy and will rebalance or reallocate the investments within the account. Generally, rebalancing will occur on a monthly basis. AssetMark may change the relative allocation among the funds in the models, as well as the funds

and portfolio managers included in the models. Account assets are held in custody as disclosed in the AssetMark client agreement and ADV. Clients will enter into a separate custodial agreement with AssetMark to participate in the program and are subject to AssetMark fees and charges for their services. Clients will receive from AssetMark account statements no less frequently than quarterly detailing account activity and positions held in the account at period-end, as well as an annual tax reporting statement from AssetMark. Clients may also receive quarterly performance updates showing the investment performance of the account. Prospera shares in client fees for accounts introduced to AssetMark, which is a conflict to recommend this platform.

Customized Portfolios and Private Advisor Network Investment Consulting Service (Network)

PFS participates in separate account manager programs sponsored by Wells Fargo. Through these programs, PFS investment adviser representatives assist you in allocating your assets among one or more third-party money managers. Currently, we participate in the following Wells Fargo sponsored wrap-fee programs: Customized Portfolios and Private Advisor Network. PFS also participates in the Private Advisor Network Investment Consulting Service (Network) platform, a program sponsored by Wells Fargo. Under the Network programs, PFS investment adviser representatives assist you in determining and selecting third-party money managers who will be provided discretionary authority to select investment options to manage your assets. Under the Customized Portfolios Program, PFS investment adviser representatives will assist you in selecting from portfolios based on the investment strategies of our affiliate, Wells Fargo Investment Institute, who will be provided discretionary authority to handle the day-to-day investment management of your Account in accordance with your stated investment objectives. Investment strategies include Fixed Income Portfolios and Custom Option Overlay Portfolios. If you and your adviser select a Custom Option Overlay Portfolio, you are responsible for selecting and monitoring the non-options positions upon which an options overlay strategy will be implemented. These custom option overlay strategies seek to provide income alternatives and/or hedge downside risk on your selected securities. The description provided in this section regarding the Wells Fargo sponsored programs we manage is intended to provide you with a brief summary of each program. Wells Fargo will provide you with a full description and disclosure document at the time you establish an account through any of the programs. In addition, you will receive a copy of all third-party money managers' disclosure documents who manage your assets. Only third-party money managers that are registered as investment advisers or are exempt from investment adviser registration will be recommended.

CustomChoice, FundSource, and Pathways Programs

PFS participates in mutual fund wrap-fee programs sponsored and administered by Wells Fargo: CustomChoice, FundSource, and Pathways. CustomChoice is a non-discretionary client directed mutual fund wrap program. You must execute the CustomChoice Client Agreement to participate in this program. Accounts through this program are managed by us on a non-discretionary basis. There are approximately 5,000 no-load, load waived, and institutional share class mutual funds from which to choose. You must approve all implementation decisions made through this program.

FundSource is a discretionary mutual fund wrap program based on Wells Fargo research-driven Optimal Blends or Customized Blends. You must execute the FundSource Program Agreement to participate in this program. All assets are managed by Wells Fargo who is given discretionary authority to implement changes within your account based on your individualized situation and based on information provided by you to our investment adviser representative. Portfolios are comprised of mutual funds selected by Wells Fargo.

Pathways is an asset allocation option within the FundSource Program that allows you to allocate assets among mutual fund portfolios (Pathways Funds) which are administered by Russell Investment Company (Russell). Russell will provide a selection of optimal blends of model investment portfolios or accept instructions from you with respect to a custom blend in various funds that are operated and administered by Russell, based on its evaluation of your financial goals, circumstances and tolerances. Russell is responsible for evaluating and retaining one or more investment management organizations to manage each Pathways Fund. The portfolios are designed for a specific investor. You must execute the Pathways Program Agreement to participate in this program. We are not related to Russell, and Wells Fargo and Russell are not related entities. A portion of the fee charged for Pathways is paid to Russell for its investment advisory services. We provide you with consulting services when selecting optimal blend mutual fund portfolios constructed by Wells Fargo for the FundSource program and by Russell for the Pathways program. You may also create your own customized mutual fund portfolio blend. The description provided in this section regarding the Wells Fargo sponsored programs we manage is intended to provide you with a brief summary of each program. Wells Fargo will provide you with a full description and disclosure document at the time you establish an account through any of the programs. Pathway's clients will also receive all necessary disclosure documents relating to Russell.

Advisory Services to Retirement Plans and Plan Participants Contracted by Plan Sponsor

PFS offers various levels of advisory and consulting services to employee benefit plans and/or to the participants of such plans ("Participants"). The services are designed to assist plan sponsors ("Plan Sponsors") in meeting their management and fiduciary obligations to the Participants under the Employee Retirement Income Securities Act ("ERISA") and the Pension Protection Act of 2006 ("PPA"). Generally, investment advice provided to Plan Sponsors and Participants is regulated under ERISA and the PPA. We will provide a set of services to Plan Sponsors and their Participants which may include all or some of the offerings described below. Plan Sponsors must make

the ultimate decision to retain us for pension consulting and other advisory services including services at the participant level. The Plan Sponsor is free to seek independent advice about the appropriateness of any recommended services for the plan. The following services are provided for general informational purposes. Not all clients contracting for retirement plan services will receive every level of service described below. The exact scope and types of services provided will be agreed upon with each client and listed in the client agreement.

The services provided to employee benefit plans ("the Plan") and their Plan Sponsors may include the following: Investment Policy Statement. PFS may assist with the drafting and adoption of an Investment Policy Statement (IPS) for each Plan. Reasonableness Opinion. PFS may provide a written opinion as to the appropriateness and reasonableness of including, or continuing to include, the shares of the employer's own stock as an investment option under the Plan, in respect of the IPS. Cash Flow Analysis. PFS may assist the Plan's oversight committees with the review of the quarterly cash flow analysis as provided by the plan provider.

Selection of Qualified Default Investment Alternative. PFS may recommend to the client an investment fund product or model portfolio meeting the definition of a "Qualified Default Investment Alternative" ("QDIA") in ERISA Regulation 2550.404c-5(e)(3). The QDIA shall be reflected in the IPS.

Investment Performance Monitoring or Analysis. PFS may assist the Plan's oversight committees with the review of the quarterly investment performance of the Plan's investment options. Under applicable circumstances, PFS will monitor the appropriateness and continued suitability of each of the investments with a view to complying with the "broad range" requirement under ERISA Section 404(c).

Asset Allocation Analysis. PFS may assist the Plan's oversight committees with the review of the quarterly asset allocation analysis as provided by the Plan provider.

Performance Reports. PFS may prepare reports evaluating the performance of the Plan's investment manager(s) or investments, as the case may be, as well as comparing the performance thereof to benchmarks set forth in the IPS. The information used to generate the reports will be derived from statements provided by the client.

Education Services to Plan Committee. PFS may provide training for the members of the Plan Committee with regard to their service on the committee, including guidance with respect to fiduciary duties.

Participant Education Services. PFS may conduct in-person, group sessions and provide printed educational materials (which may include posters, payroll stuffers, and emails) to Participants, providing information to them about the investment options under the Plan and providing information on how to complete plan enrollment paperwork. Services provided under an "Eligible Investment Advice Arrangement," as defined under the PPA, shall be governed by a separate agreement.

Expense Analysis. PFS may assist the Plan's oversight committees with the review of the investment expense characteristics for each of the investment options.

Investment Structural Analysis. PFS may assist the Plan's oversight committees with the review of the Investment Structural Analysis for each of the investment options.

Third Party Product or Service. Advisory services provided to retirement plans may be solely provided by advisory representatives, or in combination with third parties and their retirement plan services. PFS may use the product or service offered by a third party in providing services to a client and the Plan.

Plan Search Support. PFS may manage the preparation, distribution, and evaluation of Requests For Proposals, finalist interviews, and conversion support.

Additional Services. Services as agreed upon by PFS and client.

Services for Plan Participants. Plan Sponsors retain PFS and its advisory representatives to provide services to Participants pursuant to an "eligible investment advice arrangement," as defined under the PPA. The scope of the services and fees are established and approved in advance by the Plan Sponsor and shall be clearly set forth in the executed agreement for services. Advisory Representatives will meet with individual Participants to collect pertinent information regarding their financial circumstances and investment objectives. Advisory Representatives will then deliver advice either by providing direct investment advisory services to the Participant (in which case the PFS fee will not vary based on the advice given to the Participant) or generating portfolio recommendations for a Participant based on an unbiased computer model that has been certified and audited by an independent third party.

Advisory Services to Retirement Plan Participants Not Contracted by Plan Sponsor

Participants also directly retain PFS and its advisory representatives to provide direct advisory services by executing a *Summit-OP Advisory or Prospera ERISA Services Agreement*. The services and fees are set forth in the executed agreement and approved by participant in lieu of the plan sponsor. Participants may elect to roll-over retirement plan assets to an individual account at PFS under the same investment adviser representative who provided advisory services while those assets were maintained within the original qualified plan.

PFS provides services to individual retirement plans, and in doing so we charge reasonable compensation. PFS has identified and determined that our material conflicts of interest are fair and reasonable and have adopted measures reasonably designed to avoid such conflicts. More information on these mitigation measures can be found in Item 12 of this disclosure document.

Management of Client Assets

PFS manages assets on a discretionary and non-discretionary basis. As of June 30, 2026, PFS managed \$14,387,540,045 in client assets of which \$9,785,164,394 was managed on a discretionary basis and \$4,602,375,651 was managed on a non-discretionary basis.

Item 5 – Fees and Compensation

Summit Advisory Program Fees

Summit clients pay PFS a fixed fee or annualized wrap advisory fee based upon a percentage of the market value of Account assets for services provided by us. Fees charged on all assets are negotiable and the maximum annual fee charged for program accounts shall not exceed 2.15% of assets under management. Summit does not have a minimum account size.

The first month's fee will be billed based on the market value of the account's assets at account opening and pro-rated for the number of days applicable. Thereafter, the Program fee is calculated and collected for the current month based on the value of Program assets as of the last business day of the prior month, net of any excluded assets. Off-platform assets linked to and shown on the statement are usually considered excluded assets in the fee calculation unless you agree (either on the Program advisory agreement or through a separate advisory agreement) that they are included in the calculation. Fees are not pro-rated or refunded for any partial month when the advisory relationship is terminated. Therefore, you may be assessed a fee for the entire last month if you terminate the advisory services at any time before the final day of that same month. The fee is considered earned when paid. The actual fee charged is based on factors such as, but not necessarily limited to, the amount of assets under management, totality of services provided to you and your overall financial complexity. The specific services to be provided and fee charged will be mutually agreed upon and described in the Summit Advisory Agreement before commencing services.

Summit Goldman Advisory Program

Summit Goldman clients pay PFS a fixed fee or annualized wrap advisory fee based upon a percentage of the market value of Account assets for services provided by us. Fees charged on all assets are negotiable and the maximum annual fee charged for program accounts shall not exceed 2.15% of assets under management. Summit Goldman does not have a minimum account size.

The first month's fee may be billed based on the average daily market value of the account's assets at the end of the first month and pro-rated for the number of days applicable. Thereafter, the Program fee is calculated and collected for the current month based on the value of Program assets as of the last business day of the prior month, net of any excluded assets. Off-platform assets linked to and shown on the statement are usually considered excluded assets in the fee calculation unless you agree (either on the Program advisory agreement or through a separate advisory agreement) that they are included in the calculation. Fees are not pro-rated or refunded for any partial month when the advisory relationship is terminated. Therefore, you may be assessed a fee for the entire last month if you terminate the advisory services at any time before the final day of that same month. The fee is considered earned when paid. The actual fee charged is based on factors such as, but not necessarily limited to, the amount of assets under management, totality of services provided to you and your overall financial complexity. The specific services to be provided and fee charged will be mutually agreed upon and described in the Summit Goldman Advisory Agreement before commencing services.

Summit-OP Program Fees

Summit-OP clients pay an annualized fee for services provided by us, based upon a percentage of the market value of Account assets. Fees charged on all assets are negotiable and the maximum annual fee charged for program accounts shall not exceed 2.15% annually. Fees may be collected monthly or quarterly depending on the frequency with which the off-platform Custodian provides valuations for the Account. The fee for the first period will be billed in arrears based on the market value of the off-platform assets at the end of the period in which you enter into the Summit-OP agreement and pro-rated for the number of days applicable. Thereafter, the Program fee is calculated and collected

for the current period based on the value of Program assets as of the last business day of the prior period, net of any excluded assets. Fees are not pro-rated or refunded for any partial month when the advisory relationship is terminated. Therefore, you may be assessed a fee for the entire last month if you terminate the advisory services at any time before the final day of that same month. The fee is considered earned when paid. The actual fee charged is based on factors such as, but not necessarily limited to, the amount of assets under management, totality of services provided to you and your overall financial complexity. The specific services to be provided and fee charged will be mutually agreed upon and described in the Summit-OP Advisory Agreement before commencing services.

Account Value Calculation

For the purposes of calculating fees for all our programs, "Account Value" shall mean the sum of the absolute market value of all eligible long and short security positions, including accrued income, cash and cash alternatives held in your Account. To the extent margin is used in your Account, you should be aware that the margin debit balance does not reduce the Account Value. If you use margin to purchase additional securities, your Account Value increases and therefore the amount of fees you pay will increase. You will also be charged margin interest on the debit balance in your Account. Margin interest is in addition to the Program Fee. The interest charges, combined with Fee, may exceed the income generated by the assets in your Account and, as a result, the value of your Account may decrease. In determining the Account Value, we will use the closing prices or, if not available, bid prices of the last recorded transactions for listed securities, options and over-the-counter securities. For mutual funds, we will use the fund's most current net asset value, as computed by the fund company. We will use information provided by quotation services believed to be reliable in determining the Account Value. If any such prices are unavailable or believed to be unreliable, we will determine prices in good faith so as to reflect our understanding of fair market value. The Fee will be applied to cash alternatives (i.e., money market funds) held inside the Account. Clients will, in most instances, pay more in fees with respect to sweep vehicle holdings, than the interest earnings that may be generated by these sweep vehicle holdings. Due to trade date or settlement date accounting, the treatment of accrued income, short positions and other factors, the Account Value used in the calculation of fees could differ from that shown on your monthly account statement and/ or performance report.

Whenever there are changes to your fee schedule, the schedule charges previously in effect shall continue until the next billing cycle. We have the ability to amend your Client Agreement at any time. Any changes we make to your Client Agreement will be effective after 15 days written notice to you. Your continued use of the services indicates your agreement to the modified terms. To the extent margin is used in your account you should be aware that the margin debit balance will not reduce the market value of eligible assets and will therefore increase the asset-based fee you are charged. The increased asset-based fee is an incentive for your IAR to recommend the use of margin strategies. The use of margin is not suitable for all investors since it increases leverage in your account and therefore the risk and potential for losses. PFS also sets the margin rates for accounts, so this is an additional conflict when recommending margin.

Margin Loans

Certain Advisory Programs permit margin borrowing and trading. We will not extend margin in an advisory account unless authorized by you through a separate margin agreement. You are responsible for notifying us if you decide that you no longer want to use margin in your Account. You may also discontinue use of margin in your Account according to the terms of the Client Agreement. We are not responsible for any losses resulting from our failure or delay in implementing such instructions.

- **Margin Loans Are Subject to Separate Terms and Conditions.** If you take out a Margin Loan, the terms and conditions applicable to the Margin Loan are governed by the Margin Disclosure Statement and the Client Agreement. You should review carefully the terms, conditions, and risk disclosures for Margin Loans and understand that such risks are heightened in the event you hold a concentrated position in your pledged Account or if your pledged Account makes up all, or substantially all, of your overall net worth or investable assets. Certain eligibility requirements must be met, and documentation in the form of a separate margin agreement must be completed prior to using margin.
- **Costs Are in Addition to Advisory Fees.** As discussed above, if you use margin to purchase additional securities, your Account Value increases and therefore the amount of fees you pay will increase. You will also be charged margin interest on the debit balance in your Account, which is in addition to Fee. This results in additional compensation to us. The interest charged on a Margin Loan is higher than the interest charged on Securities-Based Loans.
- **We Have an Incentive to Recommend the Use of Margin.** The increased asset-based fee and interest that you pay on a Margin Loan provides an incentive for your Financial Adviser to recommend the use of margin. Your Financial Adviser also has an incentive to use margin to purchase additional securities and other assets instead of selling existing securities or other assets, and PFS sets the margin rates in the WFCS custodied programs, which is an additional conflict to recommend those programs. We address these conflicts by disclosing them to you.
- **Margin Loans May Not Be Suitable for You.** Using margin is not suitable for all investors. As described in the next paragraph, the use of margin increases leverage in your Account and therefore increases risk to a portfolio. We generally believe the use of margin is

most appropriate when short in duration. Before deciding to use margin, you should consider the intended duration and total cost of the Margin Loan, as well as other options available to you, such as alternative loan options or liquidating your Account assets.

- **Using Margin Involves Higher Risks.** Generally, we believe that the use of margin adds risk to a portfolio that you should not assume unless you are prepared to experience significant losses. Losses in the value of an asset purchased on margin will be magnified because of the use of borrowed money. You can lose more funds than amounts deposited in margin accounts. In addition, you generally will not benefit from using margin unless the performance of your Account exceeds interest expenses on the Margin Loan plus advisory fees incurred. You should also understand that the use of margin can negatively impact our ability to rebalance your account. You should carefully consider whether the additional risks are appropriate prior to using margin due to the increased potential for significantly greater losses associated with using margin. You assume full responsibility for the use of margin in your Account. **Please see the Margin Disclosure Statement and the Client Agreement for more details on the risks of margin use. You should read this documentation carefully.**

Securities-Based Loan Programs

You may pledge your Account assets as collateral for Securities-Based Loan Programs ("SBL") with our consent and where you are eligible under the programs. In order for your Account to be eligible to serve as collateral for a Securities-Based Loan, your Account may not also serve as collateral for a Margin Loan. If you wish to use your Account as collateral for a Securities-Based Loan, we will automatically discontinue the availability of margin for your Account.

There are risks, costs, and conflicts of interests associated with Securities-Based Loan Programs. You are encouraged to speak with your Financial Adviser to the extent you have questions about how your Account may be used in connection with a Securities-Based Loan Program and how such arrangement should be taken into consideration when discussing the management of your Account.

- **Securities-Based Loan Programs Are Subject to Separate Terms and Conditions.** If you have elected to participate in a Securities-Based Loan Program, the terms and conditions applicable to that Securities-Based Loan Program are governed by the applicable Securities-Based Loan documents and other service agreements and are not included or described further in this brochure. You should review carefully the terms, conditions and any related risk disclosures for the Securities-Based Loan Program and understand that risks are heightened in the event you hold a concentrated position in your pledged Account or if your pledged Account makes up all, or substantially all, of your overall net worth or investable assets. Certain eligibility requirements must be met and documentation must be completed prior to obtaining Securities-Based Loans.
- **Interest Rates for Securities-Based Loan Programs Differ.** In certain circumstances, more than one Securities-Based Loan Program product may be available to you. We set the interest rate for WFCS custodied programs and share in the interest charged for these programs, which is a conflict for us to recommend these programs.
- **Costs Are in Addition to Advisory Fees.** The costs, including interest, associated with a Securities-Based Loan Program are not included in the Program Fee and will result in additional compensation to us and our Financial Advisers. The interest charges on your Securities-Based Loan Program, combined with the Program Fee, may exceed the income generated by your pledged Account assets and, as a result, the value of your Account may decrease. You are encouraged to consider carefully the total cost of taking out a Securities-Based Loan, and any additional compensation that PFS and your Financial Adviser will receive, when determining to take out and/or maintain a Securities-Based Loan against your Account assets.
- **Financial Advisers Receive Compensation on Securities-Based Loans.** In addition to receiving a portion of the Fee, Financial Advisers also receive compensation based on the outstanding loan balances of their clients' Wells Fargo securities-based Priority Credit Lines "PCL" and Securities-Based Loan Programs, which is a conflict to recommend their use. PCL loans are not the cheapest options for securities-based lending.
- **We Have an Incentive to Recommend the Use of Securities-Based Loan Programs.** Since PFS and your Financial Adviser are compensated through asset-based advisory fees paid on your Account, we benefit if you draw down on your Securities-Based Loan, which preserves asset-based advisory fee revenue and generates additional loan-related compensation, rather than sell securities or other investments in your Account, which would reduce the assets in your Account and our asset-based advisory fee revenue. This presents a conflict of interest for your Financial Adviser when addressing your liquidity needs. In addition, where a Securities-Based Loan is secured by both brokerage and advisory assets, a Financial Adviser will benefit if your brokerage assets are liquidated prior to or instead of your advisory assets because the Financial Adviser would be able to maintain advisory Account assets subject to the Program Fee. We address these conflicts by disclosing them to you.

- **Securities-Based Loan Programs May Not Be Suitable for You.** There are other lending products that may be suitable for you and for which we and your Financial Adviser would receive different or no compensation. You are responsible for independently evaluating if a Securities-Based Loan is appropriate for your needs, if the lending terms are acceptable, and whether the Securities-Based Loan will have potential adverse tax or other consequences for you.
- **There Are Limitations on the Use of Securities-Based Loan Proceeds.** Except for margin accounts, where the loan proceeds can be used to purchase, carry, or trade securities, the proceeds of SBL may not be used to (a) purchase, carry, or trade securities or (b) reduce or retire any indebtedness incurred to purchase, carry, or trade securities. If your Account is used as collateral for a Securities-Based Loan, the Account is pledged to support the Securities-Based Loan and you are not permitted to withdraw funds or other assets from your Account unless sufficient amounts of collateral remain to continue supporting the Securities-Based Loan (as determined under the applicable Securities-Based Loan Program). Although you are required to satisfy such collateral requirements, you can terminate your advisory relationship with PFS, at which time the funds and assets in your account will be treated as a brokerage account and the collateral requirements for the Securities-Based Loan will continue to apply.

Additional Considerations Associated with Pledging Advisory Account Assets for Margin Loans and Securities-Based Loans

In addition to the risks mentioned above, if your Account assets are pledged or otherwise used as collateral for Margin Loans or Securities Based Loans, the exercise of our rights and powers over your Account assets, including the disposition and sale of any and all assets pledged as collateral, may be contrary to your interests and the investment objective of your Account.

- **There Are Collateral Maintenance Requirements.** When you use margin to purchase securities or draw down on a Securities- Based Loan, your Account assets serve as collateral. We can increase our "house" maintenance requirements or call your Margin Loan or SBL at any time and for any reason and are not required to provide you with advance written notice. If your Account assets decline in value, so does the value of the collateral. If the required collateral is not maintained, you may need to deposit additional cash or securities as collateral or repay a partial or entire amount of the funds borrowed on short notice. You are not entitled to an extension of time on a margin call. The lender may refuse to fund any advance request due to insufficient collateral. Where the lender assigns different release rates to different asset types, you may be able to satisfy collateral maintenance requirements by selling securities with a low release rate and investing and/or holding the proceeds in assets that have a higher release rate for the loan.
- **Liquidation of Securities in a Maintenance Call.** Failure to promptly meet requests for additional collateral or repayment, or other circumstances including but not limited to a rapidly declining market, will cause the liquidation of some or all of the collateral supporting any Margin Loans or Securities-Based Loans in order to meet the maintenance requirements. We can sell your Account assets without contacting you. We are not required to notify you of a maintenance call. You will be responsible for any shortfall if your Account assets are insufficient to cover the maintenance deficiency. Even if we have notified you and provided a specific date by which you can meet a maintenance call, we can still take necessary steps to protect our financial interests, including immediately selling your Account assets without notice to you. You should understand that because your Account assets are collateral for the Margin Loans or Securities-Based Loans, in selling such assets, we will seek to protect or advance our interests (and/or those of our affiliated lender if you selected an affiliated Securities-Based Loan Program) over your interests. You should expect that our interests will not be aligned with and will be adverse to your interests when we sell assets during a maintenance call, and that we may sell assets that you desire to keep or sell them at prices that may be less than the value that we or you believe the assets are worth. You are not entitled to choose which Account assets are liquidated or sold to meet a maintenance call. If there are Account assets that you desire to own during the term of your Margin Loan or Securities- Based Loan, you should not pledge them as collateral. Depending on market circumstances, the prices obtained for your Account assets may be less favorable and may be less than the value that we or you believe the assets are worth. If a margin or maintenance call cannot be fully satisfied from your Account assets, you remain liable for the outstanding debt.
- **Impact of Margin and Maintenance Calls on Management of Your Account.** In a maintenance call, we might liquidate Account assets that you, your Financial Adviser, or your third-party Manager otherwise would not sell, and that might not otherwise be in your best interests to sell, and you might not get to choose the assets that are liquidated. We or a third-party Manager will seek to manage your Account as agreed under your advisory Client Agreement and applicable Program Features and Fee Schedule, provided that, if a maintenance call takes place, you should expect that we or your Manager will not be able to manage your Account consistent with our or the Manager's overall strategy. In addition, in order to preserve sufficient collateral value to support the loan and avoid a maintenance call, depending on your leverage, a Financial Adviser may be inclined to invest your Account in more conservative investments, which may result in lower investment performance than more aggressive investments (depending on market conditions). We mitigate this risk by requiring and monitoring to ensure that your Account is managed consistent with your respective investment strategies.

- **No Legal or Tax Advice.** PFS and your Financial Adviser do not provide legal or tax advice. You should consult with your own legal counsel and independent tax adviser before using securities as collateral for loans in order to fully understand the tax implications associated with pledging your Account as loan collateral and the potential liquidation of pledged assets.

Either of us may end the advisory agreement by providing notice to the other party. In the event you end our services (preferably in writing), we will terminate the agreement effective upon delivery of your notification. We may end our services at any time by providing you written notice. Services terminated within five (5) business days of initially executing the advisory agreement will be ended without penalty. Your qualified and/or ERISA accounts may be charged a termination fee to close the Account depending on the custodian.

Fees are typically deducted directly from your Account. You must provide written authorization to have us deduct fees from the Account or any other account you select. The qualified custodian will send your client statements, at least quarterly, showing all disbursements for the Account including the amount of the advisory fee deducted. You may direct us to pay the fee from a different account. If approved by us, you may pay advisory fees upon receipt of a billing invoice from us in lieu of having fees debited directly from the Account.

You may also incur certain charges imposed by other third parties for investments made through the Account, including but not limited to, mutual fund sales loads, surrender charges, IRA and qualified retirement plan fees, clearing costs, and fees required for the opening, closing or servicing of the account, including but not limited to applicable maintenance fees, exchange fees or other charges required by law. The management fees we charge are separate and distinct from the fees and expenses charged by investment company securities recommended to you. A description of these fees and expenses are available in each investment company security's prospectus. Management fees are also separate and distinct from the fees and expenses charged by the qualified custodian serving as the clearing broker-dealer (e.g., First Clearing). We will retain or share a portion of any fees charged by a third-party if any portion of those fees is shared with us by the third-party as described further herein.

Prospera Financial Planning Program Fees

Fees for financial planning services may be based on a fixed or hourly fee and the actual amount charged to you will be affected by factors such as the complexity of the services provided and the PFS investment adviser representative providing services. While fees charged will vary from client to client, the maximum hourly fee a PFS investment adviser representative may charge is \$750. Actual fees charged are negotiated between you and the PFS investment adviser representative and will be as stated on the agreement.

All fees are negotiable and are agreed upon when entering into a contract. In the event the PFS investment adviser representative requires additional time to complete services, we will obtain your approval before commencing additional services. All fees are due upon completion of financial planning services in accordance with the parameters set forth in the written financial planning agreement. We may waive the agreed upon fee if you purchase products or enter into agreements for other services with us. You are under no obligation to act on the financial planning recommendations of PFS investment adviser representatives. If PFS investment adviser representatives assist you in implementing any financial planning recommendations or if you elect to open an advisory account with us, we are responsible for ensuring that you receive the best execution possible.

Adviser as Portfolio Manager (APM) Program Fees

Annual fees charged under the APM program are billed monthly in advance and usually deducted directly from your Account. This program is not sponsored by PFS. When fees are negotiable, the negotiating factors include the complexity of your financial situation, securities positions held in the account, and the amount of assets under management. The maximum annual fee charged for APM program accounts shall not exceed 2.15% annually.

The initial fee for the first month (or part thereof) in which you participate in the APM Program shall be calculated on the day after your initial assets are placed into the Program and then debited the first day of the new month afterward. The initial fee for any partial month is pro-rated based on the number of calendar days in the partial month. Thereafter, the Program fee is calculated and collected for the current month based on the value of Program assets as of the last business day of the prior month, net of any excluded assets. The fee for each month will equal (on an annualized basis) the percentage set forth in the Fee Schedule. If you terminate your participation in and/or withdraw all assets from the Program prior to the end of a month, the pro-rata portion of the Program Fee will be reimbursed to you.

Private Investment Management (PIM) Program Fees

Annual fees charged under these programs are billed quarterly in advance and are deducted directly from your accounts pursuant to the PIM ADV. When fees are negotiable, the negotiating factors include the complexity of your financial situation, securities positions held in the account, and the amount of assets under management. The maximum annual fee charged in PIM equity and fixed income accounts shall not exceed 2.15% annually. Fees charged on accounts are negotiable.

Asset Advisor Program Fees

The maximum annual fee charged in Asset Advisor accounts shall not exceed 2.15% annually. Fees charged on accounts are negotiable, and this program is not sponsored by PFS.

Customized Portfolios Program Fees

The annualized fee charged under the Customized Portfolios Program includes execution and consulting, and a portion of the fee is retained by Wells Fargo for such services, some of which is directed to Wells Fargo Investment Institute.

Private Advisor Network (Network) Fees

Wells Fargo offers a choice of two options to compensate for Private Advisor Network services. This program is not sponsored by PFS. The two options are (1) payment of a fee for Private Advisor Network services and execution charges or (2) an execution schedule for services and execution charges. The annualized fee charged under the Private Advisor Network can be up to 2.15% annually. Fees charged by money managers selected under the Network program are billed and collected separately from the annual fee retained by us. Under the Execution Schedule, you pay for Private Advisor Network services by paying commissions for each transaction in the account at the normal commission rate for such agency transactions and at the normal markup or markdown imposed on your accounts for principal transactions.

CustomChoice, FundSource, and Pathways Program Fees

Fees charged under these three programs are billed quarterly in advance and are deducted directly from your account. These programs are not sponsored by PFS. When fees are negotiable, the main factor is the amount of assets under management, but other factors include your level of service in other PFS programs and the complexity of your overall situation. There is no minimum quarterly fee charged under the FundSource, CustomChoice, and Pathways Programs.

The maximum fee for all these programs is 2.15% annually.

Retirement Plans and Plan Participants Advisory Service Fees

Fees for Advisory Services to Retirement Plans and Plan Participants are charged on either a flat fee basis, percentage of a plan's assets, or on a combination of these methods, as agreed to between PFS and the Plan Sponsor. The exact fee charged will depend on the variables, such as the number of participants, the amount of assets in the Plan, the complexity of the situation, the location of the client, and the advisory representative providing services. In the event fees are charged based on the percentage of the Plan assets, the maximum fee charged will not exceed 2.00% annually. The fee charged for reviewing individual Participant accounts is contingent upon the amount of assets held within the accounts being reviewed and the number of accounts being reviewed. In the event fees are charged based on the percentage of the Participant's Plan assets, the maximum fee charged will not exceed 2.00% annually. Participant fees may be paid by the Participant or the Plan Sponsor depending on the agreement between the Plan Sponsor and PFS. Services may be provided on a one-time or on-going basis. Upon execution of a client agreement, the client will have five (5) business days to end services with no penalty (i.e., no fees due or refund of any fees paid in advance). The annual fee may be divided and collected monthly, quarterly, or semi-annually depending on the agreement. In the event the entire annual fee is collected in advance, the fee will be considered earned when paid. In these cases, PFS does not provide a refund if the service is ended after the initial five (5) day period. The exact fee charged and the billing arrangements will be agreed upon before commencing services. The fee and fee arrangements will be detailed in the client agreement. Clients shall also incur certain charges imposed by third parties other than us in connection with investments made through a Plan, which are not included in the fee paid to PFS.

Performance-Based Fees

We do not offer Performance Based Fees.

Commissions

PFS and its investment adviser representatives licensed as securities agents do receive commissions from the execution of securities transactions, including assets excluded from Advisory Fee billing. In addition, they receive 12b-1 fees from certain investments as outlined in the investments' prospectuses on positions excluded from Advisory Fee billing or subject to non-wrap advisory services. 12b-1 fees and trails come from investment assets, therefore, indirectly from client assets. Receiving such fees creates an incentive and conflict for investment adviser representatives to recommend investments with 12b-1 fees and trails over investments that have no fees or lower fees or positions subject to an advisory fee. Furthermore, PFS and its investment adviser representatives licensed as securities agents receive mutual fund sales loads, 12b-1 distribution fees, fixed income security commissions or mark-ups/mark-downs, commissions on managed futures, variable annuity and variable life sales commissions and trail commissions from investments excluded from Advisory Fee billing but placed in a PFS advisory account. These 12b-1 fees are rebated to advisory client accounts if the positions are not excluded from advisory billing.

Off-Platform Investments

Clients have the option to purchase investment products we recommend through other brokers or agents not affiliated with PFS.

Other Fees and/or Costs

PFS adds a markup to all client and account fees assessed by WFCS. This is a conflict to recommend the use of WFCS as custodian. Use of Black Diamond account services is subject to a separate fee, which is subject to a markup by PFS and therefore a conflict for us to recommend.

Item 6 – Performance Based Fees and Commissions

We do not charge performance-based fees and commissions.

Item 7 – Types of Clients

We provide the advisory services described in this Brochure to individuals, pension, retirement, and profit-sharing plans, trusts, estates or charitable organizations, and corporations or other business entities.

Item 8 – Methods Of Analysis, Investment Strategies and Risk of Loss

Investing in securities involves risk of loss that investors should be sure they understand and should be prepared to bear.

PFS primarily serves retail investors. Each adviser associated with PFS has the independence to take the approach he or she believes is most appropriate when analyzing investment products and strategies for clients. There are several sources of information that PFS and the adviser may use as part of the investment analysis process. These sources include, but are not limited to prospectuses and offering materials, product and sponsor sales materials, sponsor due diligence meetings and product presentations, financial publications, research materials prepared by others, corporate rating services, SEC filings (annual reports, prospectus, 10-K, etc.), and Company press releases

As a firm, PFS does not favor any specific method of analysis over another and, therefore, would not be considered to have one approach deemed to be a “significant strategy.” There are, however, a few common approaches that may be used by PFS or your adviser, individually or collectively, in the course of providing advice to clients. **It is important to note that there is no investment strategy that will guarantee a profit or prevent loss.** Following are some common strategies employed by PFS and its advisers in the management of client accounts: **Dollar Cost Averaging (“DCA”)**: The technique of buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price. More shares are purchased when prices are low, and fewer shares are bought when prices are high. DCA is believed to lessen the risk of investing a large amount in a single investment at a higher price. DCA strategies are not effective and do not prevent against loss in declining markets; **Asset Allocation**: An investment strategy that aims to balance risk and reward by allocating assets among a variety of asset classes. At a high level, there are three main asset classes—equities (stocks), fixed income (bonds), and cash/cash equivalents—each of which has different risk and reward profiles/behaviors. Asset classes are often further divided into domestic and foreign investments, and equities are often divided into small, intermediate, and large capitalization. The general theory behind asset allocation is that each asset class will perform differently from the others in different market conditions. By diversifying a portfolio of investments among a wide range of asset classes, advisers seek to reduce the overall volatility and risk of a portfolio through avoiding overexposure to any one asset class during various market cycles. Asset allocation does not guarantee a profit or protect against loss; **Technical Analysis (aka “Charting”)**: A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security’s intrinsic value. Instead, they use charts and other tools to identify patterns that can suggest future activity. When looking at individual equities, a person using technical analysis generally believes that performance of the stock, rather than performance of the company itself, has more to do with the company’s future stock price. It is important to understand that past performance does not guarantee future results; **Fundamental Analysis**: A method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial, and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security’s value, including macroeconomic factors (e.g., the overall economy and industry conditions) and company-specific factors (e.g., financial condition and management). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security’s current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered the opposite of technical analysis; **Quantitative Analysis**: An analysis technique that seeks to understand behavior by using complex mathematical and statistical modeling, measurement,

and research. By assigning a numerical value to variables, quantitative analysts try to replicate reality mathematically. Some believe that it can also be used to predict real-world events, such as changes in a share price; **Qualitative Analysis:** Securities analysis that uses subjective judgment based on nonquantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations. This type of analysis technique is different from quantitative analysis, which focuses on numbers. The two techniques, however, are often used together. PFS's investment philosophy process has five steps: (1) screening, (2) evaluation, (3) analysis, (4) portfolio construction, and (5) ongoing monitoring.

Risks of Loss

Regardless of what investment strategy or analysis is undertaken, investing in securities involves risk of loss that clients must be prepared to bear; in fact, some investment strategies could result in total loss of your investment. Some risks may be avoided or mitigated, while others are completely unavoidable. Some of the common risks you should consider prior to investing include, but are not limited to:

- **Market Risk.** This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk.** This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Economic Conditions Risk.** This is the risk that economic, political, or financial developments will, from time to time, result in periods of volatility or other adverse effects that could negatively impact your account.
- **Credit Risk.** This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Liquidity Risk.** This is the risk that an investor would not be able to sell or redeem an investment quickly, or would not be able to sell or redeem an investment quickly without significantly affecting the price. Liquidity risk is heightened when markets are distressed. Generally, alternative investments have higher liquidity risk than equities, fixed income securities or mutual funds or ETFs.
- **Issuer-Specific Risk.** This is the risk that the value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.
- **Investment Company Risk.** To the extent a client account invests in ETFs or other investment companies, its performance will be affected by the performance of those other investment companies. Investments in ETFs and other investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses. If a client account invests in other investment companies, the client account may receive distributions of taxable gains from portfolio transactions by that investment company and may recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.
- **Concentration Risk.** To the extent a client account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.
- **Sector Risk.** To the extent a client account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political or regulatory events. A client account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.
- **Equity Securities.** Common and preferred stock represents the equity ownership of a company. Stock markets are volatile and the price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. The value of equity securities may also decline due to factors that affect particular industries or particular issuers. The values of equity securities may be more volatile than those of other asset classes.

- **Debt Securities.** Debt securities, such as bonds, involve interest rate risk, credit risk, extension risk, prepayment risk, and other types of risks. In addition, the value of debt securities may fluctuate in response to market movements or issues that affect particular industries or issuers. When interest rates fall, the issuers of debt securities may prepay principal more quickly than expected, and investors may have to reinvest the proceeds at a lower interest rate. This is known as “prepayment risk.” When interest rates rise, debt securities may be repaid more slowly than expected, and the value of the debt security can fall sharply. This is known as “extension risk.” Certain types of debt securities may be subject to “call and redemption risk,” which is the risk that the issuer may call a bond for redemption before it matures and the investor may lose income.
- **Foreign Securities Risk.** Foreign investments involve special risks not present in U.S. investments that increase an investor’s potential to lose money. Among other issues, custody of securities in foreign markets, changes in foreign currency exchange rates, foreign economic and market conditions, actions adverse to investors taken by foreign governments, lack of governmental oversight or regulation of securities markets, underdeveloped settlement and clearing services, and foreign withholding taxes may negatively affect the value of investments in foreign securities.
- **Alternative Strategy Mutual Funds.** Certain mutual funds invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be appropriate for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes, and potential illiquidity. Clients should be aware that alternative investments and/or strategies are generally considered speculative in nature and involve a high degree of risk, particularly if concentrating investments. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund’s concentration in the real estate industry. These types of funds tend to have higher expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.
- **Closed-End/Interval Funds.** Clients should be aware that closed-end funds available within the program may not give investors the right to redeem their shares, and a secondary market may not exist. Therefore, clients may be unable to liquidate all or a portion of their shares in these types of funds. While the fund may from time to time offer to repurchase shares, it is not obligated to do so (unless it has been structured as an “interval fund”). In the case of interval funds, the fund will provide limited liquidity to shareholders by offering to repurchase a limited amount of shares on a periodic basis, but there is no guarantee that clients will be able to sell all of the shares in any particular repurchase offer. The repurchase offer program may be suspended under certain circumstances.
- **Exchange-Traded Funds (ETFs).** ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the “spread.” The spread varies over time based on the ETF’s trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company. ETFs may be closed and liquidated at the discretion of the issuing company.
- **Unit Investment Trusts (UITs).** UITs are investment companies that generally offer a fixed portfolio of stocks and bonds as redeemable units to investors for a specified period of time. Like a mutual fund, UITs typically issue redeemable units. However, UITs differ from mutual funds in that UITs have stated expiration dates and are not actively traded. As a consequence, UITs will not be sold to take advantage of market conditions and their value may fluctuate, sometimes rapidly or unpredictably, due to factors affecting securities markets or particular industries. Upon the stated expiration date of a UIT, there is no assurance that the value of the UIT will be equal to or higher than the original price.
- **Exchange-Traded Notes (ETNs).** An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows: The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer’s ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer’s credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks. ETNs may be closed and liquidated at the discretion of the issuing company.

- **Tax-Managed Investing Risk.** Investment strategies that seek to enhance after-tax performance might be unable to fully realize strategic gains or harvest losses due to various factors. Market conditions could limit the ability to generate tax losses. A tax-managed strategy could cause a client portfolio to hold a security to achieve more favorable tax treatment or to sell a security in order to create tax losses. A tax loss realized by a U.S. investor after selling a security will be negated if the investor purchases the security within thirty days. There is no guarantee that securities submitted for exchange will be accepted by a fund that utilizes a tax-managed strategy (e.g., an “exchange fund”), and exchange funds may accept “out-of-benchmark” securities at the sole discretion of portfolio managers. Although third-party managers of these strategies seek to avoid “wash sales” whenever possible and temporarily restrict securities they have sold at a loss to prevent them, a wash sale can occur inadvertently because of trading by a client in portfolios not managed by the third-party manager. A wash sale can also be triggered by the third-party manager when it has sold a security for loss harvesting and shortly thereafter the firm is directed by the client to invest a substantial amount of cash resulting in a repurchase of the security. Changes to the tax code and other policy changes could result in unfavorable tax treatment for investors in tax-managed strategies.
- **Options.** Option trading is permitted in certain programs. Clients should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the account will no longer hold the security. When purchasing options there is the risk that the entire premium paid (the purchase price) for the option can be lost if the option is not exercised or otherwise sold prior to the option’s expiration date. When selling (or “writing”) options, the risk of loss can be much greater if the options are written uncovered (naked). The risk of loss can far exceed the amount of the premium received for an uncovered option and in the case of an uncovered call option the potential loss is unlimited.
- **Direct Indexing.** Direct indexing strategies seek to replicate the performance of a market index by directly holding the individual securities, or a representative sample of the individual securities, that make up the index. Direct indexing may provide a more tax efficient means of investing, and may allow for more customized investment allocations, than investing in a fund or other commingled product that seeks to replicate the index. The potential benefits of direct indexing, however, will not necessarily be realized if you do not take advantage of tax planning or impose account restrictions, such as account level security or sector-based restrictions or customizations based on your specific tax, ESG or other preferences. Fees and expenses for the direct indexing strategy in some cases will be higher than the fees and expenses associated with alternative index products. Higher fees and expenses could adversely impact account performance. The size of your account and the number of securities in the index your account seeks to replicate also limit the ability of your account to replicate the index. As a result, the direct indexing strategy introduces the risk of tracking error relative to the index into your account and can cause your portfolio to underperform the index, including as a result of customization. PFS cannot guarantee that the dividend yield in your portfolio will accurately track a market index.
- **Other Complex Exchange Traded Products (ETPs).** Certain clients meeting qualification standards may also purchase other complex ETPs, which may be structured as ETFs, ETNs or as other types of securities, including leveraged and inverse products. These other complex products differ, often significantly, from traditional ETFs, ETNs and mutual funds and can be significantly more speculative and volatile. Other complex ETPs are often not designed to be held long term. These products include, for example, leveraged ETFs and ETPs, single-inverse ETPs (Single Inverse ETPs), futures-linked ETPs (Futures Linked ETPs) and cryptocurrency-related ETPs (Cryptocurrency ETPs). Single Inverse ETPs are complex financial instruments that seek investment results that are the opposite of the performance of an index for a stated trading period (or “reset frequency”), often a single day. When a Single Inverse ETP with a shorter reset frequency is held for a longer period, significantly different returns from the investment objective or returns of the underlying assets may result, including potential realized and unrealized losses. A Single Inverse ETP that resets each day is typically inappropriate as an intermediate or long-term investment unless it is recommended as part of a sophisticated trading or hedging strategy that will be closely monitored. Futures Linked ETPs are intended to provide exposure to reference assets like commodities. However, Futures Linked ETPs are not designed to track the spot price of the referenced asset but instead track the price of futures contracts. The performance of a Futures Linked ETP may deviate significantly from the performance of the spot price of the reference asset, especially over longer periods. Cryptocurrency ETPs are exposed to cryptocurrency, decentralized digitized assets that often rely on blockchain technology. Cryptocurrency ETPs are highly speculative and extremely volatile. Cryptocurrency is part of a new and evolving industry, and neither the technology nor regulatory regime for cryptocurrency is settled. Cryptocurrency ETPs may trade in over-the-counter markets and may not be afforded all of the investor protections of other exchange-traded products. Certain Futures Linked ETPs invest in cryptocurrency futures, which could magnify the risks described above.
- **Structured Products.** Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer’s ability to pay. In addition, the trading price of the security in the secondary market, if there

is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.

- **High-Yield Debt.** High-yield debt is issued by companies or municipalities that do not qualify for "investment grade" ratings by one or more rating agencies. The below investment grade designation is based on the rating agency's opinion of an issuer that it has a greater risk to repay both principal and interest and a greater risk of default than those issuers rated investment grade. High yield debt carries greater risk than investment grade debt. There is the risk that the potential deterioration of an issuer's financial health and subsequent downgrade in its rating will result in a decline in market value or default. Because of the potential inability of an issuer to make interest and principal payments, an investor may receive back less than originally invested. There is also the risk that the bond's market value will decline as interest rates rise and that an investor will not be able to liquidate a bond before maturity.
- **Hedge Funds and Managed Futures.** Hedge and managed futures funds may be purchased by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.
- **Business Development Companies (BDCs).** BDCs are typically closed-end investment companies. Some BDCs primarily invest in the corporate debt and equity of private companies and may offer attractive yields generated through high credit risk exposures amplified through leverage. As with other high-yield investments, such as floating-rate/leveraged loan funds, private real estate investment trusts (REITs) and limited partnerships, investors are exposed to significant market, credit and liquidity risks. In addition, fueled by the availability of low-cost financing, BDCs run the risk of over-leveraging their relatively illiquid portfolios. Due to the illiquid nature of non-traded BDCs, investors' exit opportunities may be limited only to periodic share repurchases by the BDC at high discounts.
- **REITs.** REITs invest in real estate, and there are special risks associated with investing in real estate, including, but not limited to, sensitivity to changes in real estate values, the risk of investment loss due to the use of leveraging and other speculative investment practices, interest rate risk, lack of liquidity and performance volatility. Non-Traded REITs are not required to provide annual valuations until two years and 150 days after reaching the minimum capital raise required to begin purchasing properties. This threshold is generally outlined in the product's prospectus. Non-Traded REITs may fund distributions from offering proceeds or borrowings, which may constitute a return of capital and reduce the amount of capital available to invest in new assets. Clients should be aware that these securities may not be liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the security, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the security during the repurchase offer. Issuers may repurchase shares at a price below net asset value. The repurchase program may also be suspended under certain circumstances.
- **Private Equity Funds.** Private equity investments are speculative and involve significant risks. It is possible that investors may lose some or all of their investment. The risks associated with private equity include: limited diversification, the use of leverage, and limited liquidity. The investment timeline for private equity can be a decade or more. Some issuers or general partners may penalize limited partners who redeem before holding units for a specified amount of time, or may disallow redemptions entirely.
- **Variable Annuities and Variable Universal Life Insurance Products.** If client purchases a variable annuity or variable universal life insurance product that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity or variable universal life insurance product. Client should also be aware that certain riders purchased with a variable annuity or variable universal life insurance product may limit the investment options and the ability to manage the subaccounts. Additionally, the decision to liquidate an annuity prior to its maturity date may result in surrender charges and a complete loss of certain benefits for which significant fees may have previously paid to the annuity issuer. Death benefit guarantees of variable universal life insurance products are subject to the claims paying ability of the carrier or issuer.

- **Other Annuity Products.** If client invests in other annuity products, client should be aware of the specific risks and limitations of such products. If client purchases an annuity product that is part of the program, client will receive a prospectus with respect to the terms and conditions of the annuity product. Some products may charge a recapture or redemption fee for contracts or benefits not held for a specified period of time or that do not follow stated withdrawal terms. Registered Index Linked Annuities (RILAs) are insurance products tied to the performance of a market index, offering the positive returns of the index up to a cap and providing a buffer for a certain level of negative returns. RILAs are subject to risks associated with other investment products, including market risk, and the total loss of principal is possible.
- **Non-traded Products.** Non-traded products do not trade on a securities exchange and are not publicly traded. Consequently, non-traded products can be riskier than products that are publicly traded because the product cannot be sold readily in a market by the investor. The non-traded product may offer to redeem shares from investors, but such share redemptions are typically subject to limitations and suspensions by the product sponsor. Share redemptions may also require that shares be redeemed at a discount and there is no guarantee that client will be able to redeem the security during the repurchase offer. In addition, non-traded products may lack share value transparency because there is no market price readily available. Without share value transparency, investors may not be able to assess the value or performance of the non-traded product.

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

Item 9 – Disciplinary Information

All legal and disciplinary events for PFS and its supervised persons can be accessed on the FINRA website at www.finra.org/brokercheck or the SEC website at www.adviserinfo.sec.gov.

Item 10 – Other Financial Industry Activities and Affiliations

PFS is not and does not have a related company that is a (1) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund), (2) futures commission merchant, commodity pool operator, or commodity trading adviser, (3) banking or thrift institution, (4) accountant or accounting firm, (5) lawyer or law firm, (6) pension consultant, (7) real estate broker or dealer, or (8) sponsor or syndicator of limited partnerships.

Other Business Activities

PFS is registered as an investment adviser and a FINRA registered broker-dealer. PFS' registration as a broker-dealer is material to PFS' advisory business because substantially all of PFS' managed accounts are held with PFS' broker-dealer. Depending upon the securities registrations held by each individual adviser, PFS advisers offer a variety of securities and investments to their clients, including, but not limited to, mutual funds, Section 529 college savings plans, annuities, individual stocks and bonds, options, limited partnerships, UITs, real estate investment trusts, alternative investments, and a variety of other securities and insurance products approved for sale by PFS. Several of PFS' principal executive officers and management persons are each individually registered with PFS' broker-dealer. As discussed above in Item 5. Fees and Compensation, and Item 12. Brokerage Practices of this Brochure, PFS' relationship as a broker-dealer presents a variety of material conflicts of interest with its clients. PFS has separate, fully disclosed clearing arrangement with Wells Fargo Clearing Services.

Other PFS-Related Companies and Material Conflicts of Interest

As part of the investment advisory programs offered to clients, PFS, in its capacity as a broker-dealer, provides brokerage execution services to PFS advisory clients participating in PFS's managed account programs. PFS and its advisers make securities and insurance recommendations to clients (or, in the case of discretionary services, make investment decisions for clients) regarding PFS's investment advisory programs and services. Where permitted by law, PFS and/or your adviser will receive transaction-based commissions, insurance commissions, mutual fund 12b-1 fees, distributor fees, service fees, due diligence fees, marketing reimbursements, revenue sharing, and other payments relating to your investment in or otherwise supporting PFS's or your adviser's activities regarding the securities and insurance products recommended, purchased, or held within your PFS advisory program account or pursuant to the advisory services provided. To the extent PFS is the investment adviser, sponsor, or other service provider to your investment advisory program, PFS receives compensation for its services. Clients should be aware that PFS's or your adviser's receipt of commissions, fees, payments, and other compensation

presents a conflict of interest because PFS and your adviser have an incentive to make available or to recommend those products, programs, or services or make investment decisions regarding investments that provide additional compensation to PFS or your adviser over other investments that do not provide additional compensation to PFS or your adviser. As a matter of policy PFS credits the mutual fund 12b-1 fees it receives in managed accounts back to the accounts paying such 12b-1 fees unless the position is excluded from billing. You may be able to receive these brokerage and execution services more cheaply at competing RIAs.

PFS is affiliated with Prospera Life & Annuity, Inc. (PLA), an insurance general agency under common ownership with PFS. Prospera Financial, LLC is the direct owner of PFS and PLA. Some of our investment adviser representatives are insurance agents of PLA and some investment adviser representatives are independently licensed as insurance agents. In these capacities, PFS and our investment adviser representatives may recommend insurance products in connection with investment advisory services. You are not obligated to purchase any insurance products through PLA or through our investment adviser representative acting in their individual capacity as an insurance agent. However, when you do purchase such products, commissions for the sale of insurance products from various, unaffiliated, insurance companies are received. Implementing and purchasing of any insurance product is solely at your discretion. Certain insurance programs may result in PFS managing underlying investments for an advisory fee while the insurance program also pays commissions to PLA and the IAR in their capacity as the agent of record. This is a conflict to recommend such products.

The Firm is also registered with the National Futures Association ("NFA") as an introducing broker for managed futures.

Third Party Investment Advisers

As described in Item 4 – Advisory Business and Item 5 – Fees and Compensation, we have formed relationships with independent, third-party investment advisers. When we refer clients to a third-party investment adviser through our programs, we will receive a portion of the fee charged. Therefore, we have a conflict of interest in that we will only recommend third party investment advisers available through the programs described in Item 5 of the Disclosure Brochure.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

Code of Ethics

PFS and our supervised persons will buy or sell for their personal accounts investment products identical to those recommended to clients. Section 204A-1 of the Investment Advisers Act of 1940 (Act) requires us to establish, maintain and enforce a Code of Ethics, which we have done. We are considered a fiduciary according to the Act and have a fiduciary duty to our clients. As a fiduciary, it is our responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. This fiduciary duty is considered the core underlying principle for our Code of Ethics which also covers Insider Trading and Personal Securities Transactions Policies and Procedures. We require all supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. At least annually, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with our Code of Ethics. We have the responsibility to make sure that the interests of all clients are placed ahead of our interests or our supervised person's own investment interest. Full disclosure of all material facts and conflicts of interest will be provided to you before any services are conducted. We 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. This disclosure is provided to give you a summary of our Code of Ethics. However, if you wish to review the Code of Ethics in its entirety, we will provide a copy promptly upon request.

Participation or Interest in Client Transactions

PFS may, at its discretion and in its capacity as a broker-dealer, execute client orders for certain types of securities on a principal basis with your approval. We are not a clearing broker-dealer; however, when certain orders are received, we may execute the order for our proprietary account. When executing from its proprietary account, we may include a mark-up or mark-down, and subsequently bill the trade to the account of the client for which the order was executed. Any additional compensation earned by PFS from a mark-up is in addition to advisory fees charged to clients.

As a broker-dealer, PFS and our investment adviser representatives are also licensed as securities agents to sell securities products for commissions. This could present a conflict of interest in receiving both advisory fees and brokerage commissions. In most situations, the investment adviser representative will waive the brokerage commissions from recommended securities transactions enacted through an advisory program. However, when purchasing fixed-income securities still in syndication, we will receive a commission in addition to any advisory fees paid. As securities agents we receive mutual fund sales loads, 12(b)-1 distribution fees, variable annuity and variable life sales commissions and trail commissions from investments placed in your advisory account. As a result, there is a conflict of interest.

PFS and our investment adviser representatives licensed as securities agents are able to effect securities transactions for separate and typical compensation for any client requesting these services. Financial planning clients are not obligated to engage us to implement the financial planning recommendations made. The decision to implement any, all or none of the recommendations is solely at the discretion of the financial planning client.

Personal Trading

PFS and our investment advisers will recommend or effect transactions for your accounts in securities in which a PFS director, officer, employee or other related person may also be invested directly or indirectly. This poses a conflict of interest to the extent that transactions in such securities on behalf of PFS clients that will advantage such related persons. However, PFS and its investment advisers are constrained by fiduciary principles to act in your best interests when managing your accounts. We monitor activity in client accounts in an effort to ensure that transactions are appropriate, and any such conflicts are resolved in a manner that is fair and equitable to clients.

Item 12 – Brokerage Practices

General Overview

PFS maintains a clearing relationships for the execution of client transactions with WFCS as account custodian. In some cases, PFS will approve the use of other account custodians for its advisory accounts, such as Goldman and Schwab, and PFS believes using ourself as introducing broker dealer with WFCS provides the best service capabilities for our clients. WFCS offers its broker-dealer clients substantial financial strength and stability, economies of scale, and reliable technology.

PFS clients do not generally have the option to direct securities brokerage transactions to other broker-dealers or other account custodians. If, however, a client should request, and PFS approve, the use of a custodian other than WFCS for securities transaction execution, the client should be aware that PFS will generally be unable to negotiate commissions or other fees and charges for the client's account, and PFS would not be able to combine the client's transactions with those of other PFS clients purchasing or selling the same securities ("batched trades"), as discussed further below. As a result, PFS would be unable to reasonably ensure that the client receives "best execution" with respect to such directed trades. PFS may also be unable to provide timely monitoring of transaction activity or provide the client with quarterly performance reporting and other operational or administrative services. Not all investment advisers that are dually registered as broker-dealers or that have affiliated broker-dealers require their clients to use the adviser's related broker-dealer to execute transactions. Although PFS is often able to obtain price improvement through its trade executions with WFCS that it believes is beneficial to its clients, PFS's clearing relationship with WFCS provides PFS's broker-dealer with substantial economic benefits by using itself as the broker-dealer and WFCS as the clearing firm for its Summit accounts or when recommending WFCS programs, rather than an unaffiliated broker-dealer. For example, PFS adds a markup to the account charges and fees that are assessed to PFS client accounts with WFCS as described in Item 5 of this Form ADV. Additionally, PFS receives lowered account administration costs from WFCS and Goldman when total PFS account values at these custodians reach certain thresholds. PFS also maintains an FDIC sweep program with WFCS as described below. This program creates substantial financial benefits for PFS and WFCS when recommending clients hold cash. PFS's agreement with WFCS also provides it shall pay to PFS incentive credits for reaching certain net flow percentage asset targets on new assets. This additional compensation received by PFS in its broker-dealer capacity creates a significant conflict of interest with PFS's clients because PFS has a substantial economic incentive to use WFCS as its clearing firm for trade execution and custody over other firms that do not or would not provide these incentives to PFS. WFCS also provide PFS with substantial annual retention payments and asset growth payments if PFS maintains its relationship with WFCS, along with sharing account fees and interest as described in this document. This is a conflict to recommend WFCS as your custodian and PFS as introducing broker dealer.

Additionally, by using itself as the broker-dealer for its accounts with WFCS, PFS may be unable to achieve the most favorable execution for client transactions, which may cost clients more money. Further detailed discussion of the substantial economic benefits PFS receives from its relationship with WFCS can be found in this Item 12 and in Item 14. Client Referrals and Other Compensation below. Clients are urged to read and consider the contents of this Brochure carefully and to inquire about PFS's and the adviser's various sources of compensation and conflicts of interest in making a fair and reasonable assessment of the fees and charges clients will pay for the services rendered by PFS and their adviser.

Best Execution

PFS seeks to obtain, through its clearing firms, the best combination of net price and execution when effecting brokerage transactions for client accounts. PFS periodically and systematically reviews brokerage execution quality by WFCS and PFS' processes to ensure PFS continues to meet its best execution obligations for its clients. A number of judgmental factors are utilized by PFS in analyzing overall trade execution quality and its selection of clearing firms. Such factors include, but are not necessarily limited to the nature of the securities being

purchased or sold, access to market participants, which may be limited due to thin or no trading activity for a particular security, the size of the transaction, the speed of the transaction, the size of the spread, the ability to obtain price improvement, the desired timing of the transaction, the activity existing and anticipated in the market for the particular security, the execution, clearance, and settlement capabilities of the executing broker-dealer, the overall trade execution quality of the executing broker-dealer as compared with other leading executing broker-dealers, the executing broker-dealer's financial stability and industry reputation, the efficiency and reliability of the executing broker-dealer's systems and technologies, the quality of PFS's access to the executing broker-dealer's senior management and the executing broker-dealer's responsiveness to PFS, and the extent to which PFS can leverage the strength of its relationship with the clearing broker-dealer to improve overall service and technology PFS mitigates potential conflicts to best execution by conducting regular and rigorous reviews of its trading to monitor best execution for its clients.

Aggregation of Trade Orders

Because PFS advisers generally manage their client's accounts independently of one another based on each client's specific needs and objectives, transactions for each client account are often executed independently. When advisers believe it is appropriate or beneficial to do so, however, they will often aggregate the purchase or sale of multiple clients' securities together to help facilitate best execution and provide each client with the same execution price. Aggregating multiple client orders together is particularly useful when PFS or your adviser is utilizing model portfolio management strategies.

When PFS and its advisers' aggregate orders, they do so in a manner reasonably designed to ensure that no participating client obtains a more favorable execution price than other clients. When PFS or your adviser aggregates multiple client orders, transactions are typically allocated pro rata to the participating client accounts in proportion to the size of the order placed for each account. PFS or your adviser may increase or decrease the amount of securities allocated to each account, if necessary, to avoid holding odd lot or small numbers of shares for particular clients. Additionally, if PFS is unable to fully execute an aggregated order and PFS determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro rata basis, PFS will allocate such securities in a manner determined in good faith to be fair and equitable to the clients involved.

In the event a money manager ("Manager") through the Summit Programs elects to utilize brokers or dealers other than PFS to effect a transaction in a security (commonly referred to as "stepping out" a trade), brokerage commissions, markups and markdowns, and other charges for those transactions are generally charged to the client by the executing broker or dealer, whereas the wrap fees assessed by PFS cover the costs of brokerage commissions and other charges on transactions effected through PFS. In such cases, the net purchase or sale price reflected on trade confirmations and brokerage statements provided by PFS for those trades will include the cost of brokerage commissions or dealer markups or markdowns charged by the executing broker and paid for by the client. Due to the additional costs often incurred by clients when Managers engage in step-out trades, the Managers that elect to engage in step-out trades will generally cost clients more than those Managers that do not engage in step-out trades. Some Managers have historically directed most, if not all, of their program trades to outside broker-dealers.

In the selection of brokers or dealers to effect transactions, the Manager is expected to comply with its best-execution obligations and consider all relevant factors, including, but not limited to, the speed and efficiency, execution quality, commission rates, and responsiveness of the executing broker or dealer. The Manager may select brokers or dealers that provide the Manager research or other transaction-related services and may cause the client to pay such brokers or dealers commissions or other transaction-related fees in excess of those that other brokers or dealers may have charged, including PFS. Such research and other services may be used for the benefit of the Manager's accounts as and where permitted by rule or regulation. Managers that specialize in fixed income, international, small-cap, or ETP disciplines may be more likely to trade away from PFS due to market conditions, liquidity, exchange availability, or other factors they consider relevant in satisfying their best-execution obligations to clients.

Clients should understand that PFS does not evaluate whether a Manager is meeting its best-execution obligations to clients when trading away, as it is not a party to those transactions and is not able to negotiate the prices obtained or transaction-related charge(s) assessed between the Manager and the executing broker or dealer. PFS does not discourage or restrict a Manager's ability to trade away. Clients utilizing Third Party Managers should review the respective Manager's Form ADV Disclosure Brochure carefully prior to deciding to do business with any particular Manager. Among other things, the Manager's Brochure must disclose the Manager's conflicts and various sources of compensation, best execution policies and practices, and the costs incurred by clients that result from engaging in step-out trades, among other things. Clients should also discuss the use or intended use of any particular Manager with their adviser, including the Manager's trading practices and the costs that will be borne by the client by choosing to utilize Third Party Managers.

Revenue Sharing, Research, and Other Soft-Dollar Benefits

PFS does not use commissions to pay for research and brokerage services (i.e., soft-dollar transactions). Certain product sponsors, including Wells Fargo, provide us with other economic benefits as a result of sales activities directed to the sponsors, including but not limited to,

financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, tools to assist us in providing various services to you such as reporting programs and portfolio analysis and directing brokerage transactions in our capacity as a broker-dealer. PFS receives direct revenue sharing, conference sponsorships, and IAR educational funding from various product sponsors, investment platforms, and asset managers, including WFCS, AssetMark, Goldman, CAIS, and SEI. Please see our revenue sharing disclosure on our website for more detailed information. It is a conflict when we recommend any of these product sponsor investments or services.

Recommendation of WFCS

Accounts managed by PFS investment adviser representatives and accounts established through a Wells Fargo sponsored program can be established at PFS and cleared through WFCS. However, in limited cases when WFCS cannot accommodate your securities holdings, an account may be established at a broker-dealer you select. If you direct us to use a particular broker-dealer or other qualified custodian, (a) we may not be able to obtain the best prices and execution for the transaction and (b) you may receive less favorable prices than would otherwise be the case if you had not designated a particular broker-dealer or qualified custodian. Further, clients with directed brokerage arrangements are not able to participate in aggregate trades (i.e., block trades) and directed trades may be placed after effecting non-directed trades.

A recommendation to use WFCS programs is based on past experience, minimizing commissions and other costs as well as offerings or services WFCS provides us that we and our clients may require or find valuable such as online access. You may pay commissions to us and/or WFCS that are higher than those obtainable from other broker-dealers in return for products and services offered through us and WFCS and fee structures of various broker-dealers are periodically reviewed to ensure clients are receiving best execution. Accordingly, while we consider our rates competitive, they will not necessarily be the lowest possible commission rates for your account transactions.

Through the relationship with WFCS, we receive economic and non-economic benefits, which creates conflicts of interest. These benefits include, but are not necessarily limited to a dedicated service group and a Relationship Manager dedicated to PFS accounts on the WFCS platform, receipt of duplicate client confirmations and bundled duplicate statements, access to Online Access (through which clients may access their account information over the internet), availability of third-party research and technology, access to a trading desk, access to block trading which provides the ability to aggregate securities transactions, allocate the appropriate share amount to client accounts, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), electronic download of trades, balances and position information, access to InfoMax, and access to an electronic communications network for client order entry and account information.

The decision to use WFCS is also directly related to our belief it allows us to provide the highest customer service to our clients. Not all Registered Investment Advisers require their clients to direct brokerage to a custodian, and the benefits detailed above create a conflict of interest for PFS to recommend this custodian instead of another. By directing brokerage to this custodian, PFS may be unable to achieve most favorable execution of client transactions, and this practice may cost you more money.

PFS receives certain benefits which create a conflict for it to recommend WFCS. These conflicts include incentive payments predicated on new advisory assets PFS places with WFCS, margin debit balance, lending, and cash credit balance profit sharing, sharing in transaction or account service fees, sponsorships of PFS conferences, reduced internal account administration fees once we achieve minimum advisory asset levels, shared revenues from lending activities to PFS accounts, the FDIC sweep conflict detailed below, and additional substantial cash payments to maintain business with WFCS over the next few years including retention cash loans and bonuses, technology credits, cash bonuses for recruiting new advisers to the WFCS platform, and a termination fee if we remove our business from WFCS. While clients may receive beneficial rates at WFCS, there is a conflict for PFS to recommend lending activities for its clients through WFCS or any other lender where PFS shares in the interest revenue or uses the proceeds to purchase products we profit from such as in the case of insurance premium financing. Other custodians available on our platform may have lower costs or fees and higher cash sweep yields. It is a conflict of interests when we recommend WFCS as custodian.

WFCS FDIC Sweep Programs ("WF FDIC")

WFCS offers a FDIC cash sweep program ("Program"). The Program is the core account investment vehicle used to hold your operational cash balances used to pay advisory fees, fund withdrawals, and other recurring needs along with cash awaiting reinvestment. The cash balance in your eligible PFS accounts will be deposited automatically or "swept" into interest-bearing FDIC-insurance eligible Program deposit accounts ("Deposit Accounts") at one or more FDIC-insured financial institutions including WFCS' affiliate Wells Fargo Bank. The Program creates financial benefits for PFS and WFCS. We will receive revenue sharing from WFCS in connection with the Program (equal to a percentage of all participants' average daily deposits at the Program Banks). Amounts will vary but in no event will this revenue sharing be more than 2.50% on an annualized basis as applied across all Deposit Accounts. The amount of fee received will affect the interest rate paid to customers by the Program Bank. From time to time, if the fee increases, you will receive notification of any such change, but we do not set

this interest rate.

The Program Banks use Program Deposits to fund current and new lending and for investment activities. The Program Banks earn net income from the difference between the interest they pay on Program Deposits and the fees paid to us and the income they earn on loans, investments, and other assets. As noted above, the Program Banks may pay rates of interest on Program Deposits that are lower than prevailing market interest rates that have been paid on accounts otherwise opened directly with the Program Bank. Program Banks do not have a duty to provide the highest rates available and may instead seek to pay a low rate. Lower rates will be more financially beneficial to a Program Bank. There is no necessary linkage between bank rates of interest and the highest rates available in the market, including any money market mutual fund rates. By comparison, a money market mutual fund generally seeks to achieve the highest rate of return (less fees and expenses) consistent with the money market mutual fund's investment objective, which can be found in the fund's prospectus. See your WFCS statement for current cash sweep yields.

PFS receives direct revenue from assets in the WF FDIC that may be greater than revenues generated by sweep options at 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. PFS' revenue sharing increases above certain asset thresholds in the WF FDIC. Because of the fees and benefits described above, the Program may be more profitable to us than other available sweep options, if any. Due to this revenue sharing, there is a conflict when PFS recommends clients maintain WF FDIC cash in their accounts as opposed to investing in a money market fund, which are also available. This revenue sharing with PFS may be eliminated or compressed based on declining interest rates. PFS charges advisory fees on cash sweep balances as cash is an asset class under active management.

Item 13 – Review of Accounts

PFS investment adviser representatives are charged with providing all investment advice and conducting on-going reviews of all your advisory accounts and selecting and/or recommending money managers to you. Your investment adviser representative regularly reviews your accounts, preferably quarterly but no less often than annually. More frequent reviews may be triggered in the event of changes in market conditions, money manager personnel, management style, or fund closures. Your investment adviser representative is available to discuss the management and performance of your account and changes in your situation which may have an impact on how your account is managed. Account portfolios with individual equity securities and fixed income securities are reviewed on a more frequent, on-going basis.

Your assets that are managed by money managers are reviewed and monitored by the selected money manager. The frequency of reviews conducted by money managers will vary from manager to manager, but typically reviews are conducted at least quarterly. Triggering factors for changes to underlying portfolios within a money manager portfolio include the relative valuation changes between asset classes, deviation from management style by manager, or fund closures.

Item 14 – Client Referrals and Other Compensation

Client Referrals

PFS and its investment adviser representatives may enter into arrangements as and/or with individuals ("Promoters") who will refer clients that may be candidates for investment advisory services. In return, we agree to compensate or be compensated as the Promotor for the referral. Compensation to the Promotor is dependent on the client entering into an advisory agreement with PFS. Compensation to the Promotor may be an agreed upon percentage of the PFS investment advisory fee or a flat fee, depending on the type of advisory services PFS provides to the referred client and the agreed upon compensation arrangement between us and the Promotor. Our referral program will be in compliance with federal and state regulations (as applicable). The solicitation/referral fee is paid pursuant to a written agreement retained by both PFS and the Promotor. The Promotor will be required to provide the client with a copy of our Part 2 and a Promotor Disclosure Document at the time of solicitation. The Promotor is not permitted to offer any investment advice on behalf of the Adviser.

Additional Compensation

PFS investment adviser representatives that are also licensed as insurance agents receive commissions and other incentive awards for recommending and/or selling of annuities and other insurance products. These commissions and additional compensation create a conflict of interest and could affect the judgment of these individuals when making recommendations.

Clearing and Custodial Firms

See our Item 12 above regarding brokerage practices for further important disclosures. The Firm exercises no discretion in the selection of WFCS, Schwab, or Goldman for any specific account or client. Any difference in compensation to the Firm is based solely on the contracts with WFCS, Schwab, or Goldman and your Advisory Representative's recommendation of WFCS, Schwab, or Goldman. Investment Adviser Representatives do not share in any compensation paid by custodians to the Firm. As a result our Investment Adviser Representatives have no financial conflict of interest in any recommendation of WFCS, Schwab, or Goldman to clients. Please ask your IAR for further information on differences between custodians and, which is best for your situation.

Financial Adviser Compensation

PFS IARs are also paid on a compensation grid that increases payout with increasing revenue and reset annually at the beginning of each calendar year. Therefore, it is a conflict for them to recommend any service to you and a conflict to recommend advisory accounts opened at the end of the year. PFS also offers IARs non-vested stock appreciation rights periodically based on their total revenue, which is an additional conflict for PFS IARs to recommend services, and loans with associated bonuses based on new assets transferred to PFS during a transition.

Non-Purpose Loan Program

PFS offers a non-purpose loan ("NPL") "custom credit" program to refer clients to WFCS or other banking institutions for loans unrelated to securities accounts. PFS and its IARs receive third-party referral fee compensation based on the amount of the outstanding loan. This compensation is a conflict of interest since PFS has a financial incentive to refer clients interested in such lending to NPL partners. Clients are not required to use the NPL program and can work directly with other banks to negotiate loan terms or obtain other financing arrangements. These non-securities-based loans are not the cheapest financing available.

Black Diamond Client Portal

Clients may access and securely store wealth management related data and reports electronically via Prospera's client portal developed by technology provider Black Diamond for a fee. This fee may be paid by the IAR or passed on to the client, which is a conflict for us to recommend you pay for this service.

Estate Planning Tools

Clients may choose to access and utilize Estate Planning Tools such as Trust & Will or Wealth.com to create estate planning documents such as wills, powers of attorney, and other instruments. IARs may mark-up this tool to clients at a profit, which is a conflict for us to recommend to you. You may be able to access these services from these or other providers at cheaper cost.

Investment Banking Services

Prospera IARs receive a referral fee when recommending outside investment banking services. This is a conflict for us to recommend such services, which may be available at a cheaper cost from other providers.

Related Fiduciary Services

Prospera IARs offer certain services as an outside business activity such as expert witness testimony, consulting on special needs trust set-up, and other related fiduciary services. It is an inherent conflict when they recommend such services to you due to the IAR and Prospera (for facilitating such payments) receiving additional compensation from these services, which may be available cheaper by another provider.

Item 15 – Custody

We are deemed to have custody of client funds and securities under Rule 206(4)-2 of the Investment Advisers Act of 1940 due to our advisory agreements and certain custodial agreements authorizes us to deduct advisory fees directly from client accounts and to instruct the qualified custodian to disburse client funds or transfer client securities in accordance with client instructions. Although we do not hold physical custody of client assets, this authority results in Prospera being deemed to have custody. Client assets are maintained with a qualified custodian in the client's name. The qualified custodian sends account statements directly to clients at least quarterly. Clients are encouraged to carefully review the statements received from the qualified custodian and compare to any reports we provide. In accordance with applicable regulatory requirements, we undergo an annual surprise examination by an independent public accountant to verify client funds and securities.

Item 16 – Investment Discretion

When granted discretion in writing on the account agreement, your IAR will place trades in your account without your prior consent in accordance with your investment objectives. Alternatively, you can elect in certain advisory programs that your IAR manage the account on a non-discretionary basis, where you direct the purchase and sale of securities in the account.

Item 17 – Voting Client Securities

PFS and your IAR do not vote proxies or consider any other corporate actions on your behalf. We shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held by you. You retain the authority and responsibility for, and we shall be expressly precluded from rendering any advice or taking any action with respect to, the voting of any such proxies. Certain accounts may permit you to direct proxy ballots to a designated third-party or other outside vendor. Accounts managed by an outside sub-adviser not affiliated with PFS may grant that sub-adviser the right to vote proxies. Other than these style accounts, you will receive proxies directly from the account custodian or investment transfer agent. Although we do not vote your proxies, feel free to contact your investment adviser representative if you have a question about a particular proxy. Likewise, PFS does not accept authority to take action for you in any legal proceedings, including class actions or bankruptcies, or notify you of such events involving securities held in your account.

Item 18 – Financial Information

PFS does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.