Brochure

(Part 2A for Form ADV)

Kestra Advisory Services, LLC

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This brochure provides information about the qualifications and business practices of our firm, Kestra Advisory Services, LLC. If you have any questions about the contents of this brochure, please contact us at 844-553-7872 or contact your financial Advisor.

The U.S. Securities and Exchange Commission, as well as state securities authorities, have not approved or verified information in our brochure. Additional information about our firm is published at www.adviserinfo.sec.gov.

References to our firm as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Material Changes

This section of our brochure summarizes material changes that have occurred at our firm since the previous release of our brochure. We will update this section of the brochure on an annual basis or when material changes are made. You may receive a complete copy of our brochure by contacting your financial advisor or by contacting our firm and requesting one.

The last update to the Kestra Advisory Services, LLC (“Kestra AS”) Form ADV Part 2A was filed on February 24, 2025. Since then, there have been no material changes.



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Item 4: Advisory Business

As an investment adviser, we are subject to a fiduciary duty requiring that we act and provide investment advice in our clients' best interest. We also are required to provide full and fair disclosure of material facts associated with our services and investment advice. We must act to avoid conflicts of interest or disclose these conflicts to our clients. This brochure is designed to explain our services and how we provide investment advice and to disclose conflicts of interest associated with our services and advice.

We provide investment advice through investment adviser representatives registered with our firm. We refer to these financial advisors as "Advisors" in this brochure. Our primary methods of providing investment advisory services are: 1) Advisor managed accounts; 2) third-party recommendations; 3) financial planning; 4) wrap-fee programs; 5) individual retirement planning services; and 6) qualified and non-qualified retirement plan services. We describe these services in more detail below. If you are a retirement plan client, please refer to our **Retirement Plan Brochure.**

Generally, prior to opening an advisory account with us, your Advisor will meet with you to understand your investment experience, investment objectives, risk tolerance and current financial circumstances in order to create an investment profile for you. This investment profile helps your Advisor determine appropriate investment products and services for you. Should you engage our firm, you will enter into an agreement with us setting forth terms and conditions of the advisory services relationship, including fees to be charged and authorization for the Advisor to purchase and sell securities on your behalf consistent with your defined investment objectives.

Generally, your Advisor will recommend, purchase, or sell mutual funds, variable insurance products and investments in their sub-accounts, exchange-traded funds, equities (stocks) and fixed income securities (bonds). Your Advisor may also recommend various alternative investments, typically designed to diversify your portfolio, and a portion of your account may also remain in cash, a cash product, or a money market fund.

Our firm supports independent Advisors, and while we oversee their advice and asset management, subject to our fiduciary duty and rules of suitability, we do not dictate the products, platforms, or services your Advisor recommends to you within the scope of available options we make available to your Advisor.

We offer a variety of investment advisory platforms, custodians, and brokers, including our own affiliated broker-dealer. Most of our Advisors are also registered representatives of our affiliated broker-dealer, Kestra Investment Services, LLC (Kestra IS). Please refer to the **Brokerage Practices** section for additional information regarding our broker-dealer affiliate. In addition, many of our Advisors also act as insurance agents independent from our firm. To the extent your Advisor provides fixed insurance products or services to you (other than fixed indexed annuities), he or she does so outside of our firm and supervision.

Some of our Advisors are also involved in other business activities, such as accounting, legal, tax, and other non-investment services for which we are not responsible. Unless otherwise provided by applicable law and the particular circumstances, services provided by our Advisors outside of our company will not be subject to a fiduciary standard. Our firm does not provide legal, or tax advice and you should consult your own attorney or tax advisor for guidance related to your specific circumstances.

Advisor Managed Accounts
With an Advisor Managed Account, your Advisor will be responsible for managing your account consistent with your defined objectives and risk tolerance and may assist you to develop a personalized asset allocation program and custom-tailored portfolio. The recommended portfolio will typically include investments such as mutual funds, exchange-traded funds, variable annuities, stocks, bonds, direct participation programs or a combination of these products. A portion of your account may also remain in cash or a money market fund.

In an Advisor Managed Account, your Advisor typically will diversify your holdings across various asset classes unless your objective is to invest in specific assets. The percentage weightings within the asset classes will be based on your risk profile, investment objectives, individual preferences and availability. You will have the opportunity to meet with your Advisor to periodically review the assets in your Advisor Managed Account. We recommend you and your Advisor meet on a regular basis to review your financial situation, investment objectives and current holdings, and you should let your Advisor know about any changes to your circumstances in the meantime.

You will maintain full and complete ownership of all assets held in your Advisor Managed Account. This means you retain the right to add or withdraw securities or cash, pledge securities, and vote securities. We will not pool your Advisor Managed Account assets with assets in other accounts. You will receive periodic statements from the account custodian.

We offer both discretionary and non-discretionary portfolio management services. If you want your Advisor to have discretion over the securities purchased or sold in your account, you will be asked to sign an addendum authorizing your Advisor to place orders for your account without contacting you in advance.

We place most transactions in Advisor Managed Accounts through our affiliated broker-dealer, Kestra IS, and its unaffiliated clearing broker-dealer and custodian, National Financial Services, LLC (NFS), but also use other broker-dealers and custodians. Please refer to the **Brokerage Practices** section for additional information.

Advisory Platforms
Through our relationships with NFS and other custodial and clearing firms, we make available platforms (Advisory Platforms) to assist our Advisors to provide you an Advisor Managed Account. Examples of our Advisory Platforms include the AdvisorEnterprise℠ Platform, Horizon, and AdvisorChoice Platforms described in more detail below. Through these Advisory Platforms, our Advisors provide investment advice to you combined with portfolio administration and reporting services, advisory fee processing, and account reconciliation.

AdvisorEnterprise Platform
Our relationship with Envestnet Asset Management, Inc. (Envestnet), an unaffiliated company, allows our Advisors to provide you with an Advisor as Portfolio Manager (APM) Account using tools, resources, and technology provided by Envestnet as part of the AdvisorEnterprise Platform. This includes the ability to produce an investment proposal, model building, trading and rebalancing, research tools, and performance reporting. Through an AdvisorEnterprise APM account, your Advisor generally invests your assets in individual equity or fixed income securities, as well as pooled investment vehicles such as mutual funds and/or ETFs available through the AdvisorEnterprise Platform.

You will pay more for this platform than you will for our other advisory platforms, which do not offer our Advisors the same resources and technology as the AdvisorEnterprise Platform. We earn more on assets managed on the AdvisorEnterprise Platform than through other available platforms which serves as an incentive to place your assets on this platform and is therefore a conflict of interest.

On the AdvisorEnterprise Platform, we offer two APM programs; APM-Tickets and APM-Wrap. They differ based on whether transaction charges are assessed separately (APM-Tickets) or are included in the total client fee (APM-Wrap). We assess a Program Fee for accounts on the AdvisorEnterprise Platform. The Program Fee includes fees for Kestra AS and its affiliates' maintenance of the advisory platform.

The cost Kestra and its affiliates pay Envestnet is based on the number of accounts and the amount of client assets we have on the AdvisorEnterprise Platform. Our costs will decrease as our advisors put more client assets on the AdvisorEnterprise Platform. When our costs decrease, the savings are not shared with you or our Advisors. As a result, we have an incentive to recommend the AdvisorEnterprise Platform, creating a conflict of interest.

Horizon and AdvisorChoice
Both the Horizon and AdvisorChoice Platforms offer Advisor as Portfolio Manager (APM) programs. The Horizon Platform is provided through NFS. The AdvisorChoice Platform is provided through NFS and other custodians such as Charles Schwab & Co. (Schwab) and Fidelity IWS. Through these platforms, our Advisors recommend and invest in individual equity or fixed income securities as well as pooled investment vehicles such as mutual funds and ETFs.

The minimum account size for Horizon is $5000 and the minimum account size for AdvisorChoice is $10,000. We may waive the account minimum at our discretion. The trading charges and administrative costs as well as the tools, technology, and services available to you and your Advisor will vary by custodian and platform, which means that your costs will vary for similar services.

Third-party Advisory Platforms
Third-party managed solutions are made available through various external advisory platforms offered at Kestra. Accounts are managed by one or more third-party investment advisers on a discretionary basis. Typically, you will enter into an agreement directly with that third party, which will outline, among other things, the fees and trading of your account by that investment adviser.

You will receive a copy of both the third-party investment adviser's brochure as well as this document if we and the third party are acting as co-investment advisers. Your Advisor will assist you with account opening documentation and provide other services related to your portfolio. These services include, but are not limited to, determining whether a portfolio or strategy to be managed by the third party is consistent with your financial situation, risk tolerance and stated investment objectives.

Your Advisor will conduct periodic reviews of your account(s), monitor performance, and be available to meet with you upon reasonable request. We recommend you meet with your Advisor on a regular basis to review your financial situation, investment objectives and current holdings. You should let your Advisor know about any changes to your circumstances or personal information.

Advisory Platforms offered through Kestra AS include, but are not limited to Buckingham Strategic Partners, Symmetry Partners, SEI and AssetMark.

Legacy Offerings
We may enter, or previously have entered, into advisory relationships, programs and platforms offered through third-party investment advisers either as legacy offerings for our firm or as an accommodation to an Advisor who joins our company. These relationships are usually limited to certain Advisors and their existing clients. Details and descriptions of these programs have been or will be given to you by us, your Advisor and/or the Advisor's prior firm.

Third-Party Referrals
We have entered into referral arrangements with various third-party investment advisers that participate in, manage, or sponsor different types of money management services and investment advisory

programs. These referral arrangements are structured in accordance with the marketing rule 206(4)-1 under the Advisers Act which requires, among other things, that we disclose to you the compensation we will receive for referring you to a third-party adviser, whether your Advisor is a client of the third-party manager and any other conflicts that may exist between your Advisor and the third-party manager.

Where we act solely as a referrer, you will not enter into an agreement directly with us. In such an arrangement, you will establish a direct relationship with the third-party investment adviser, and we will receive a referral fee from the adviser based on a percentage of the advisory fee they charge you. This compensation creates a conflict of interest and serves as an incentive for your Advisor to recommend the services of third-party investment advisers with which we maintain these referral relationships.

The referral disclosure you receive when you establish an account with the third-party adviser will specify the total fee you will be charged, and what portion of that fee is payable to Kestra AS. The amount of the fee varies by the referral arrangement with a maximum fee of 2.5%.

You should read the third-party adviser's brochure, and any compensation disclosure statements provided in connection with these referral arrangements for information regarding the services of the third-party adviser and applicable fees and charges.

Private Fund Advisors
Our affiliated broker-dealer, Kestra IS, has entered into agreements with various private funds ("Private Funds") and acts as placement agent in connection with the offering and sale of securities of such funds to current and prospective clients. While we and Kestra IS are not current clients and are not investors of the Private Funds, it is possible that we or one or more of our affiliates or our or their employees or agents may be, or may subsequently become, a client of or investors in the Private Funds.

Kestra IS and our Advisors receive cash compensation from the sponsors of the Private Funds for activities as placement agent. We and our affiliates may have additional relationships with the Private Fund sponsor or other investment vehicles managed by the Private Fund sponsor. The payment of cash compensation to our affiliate and Advisor, and any additional relationships that the placement agent or its affiliates may have with the Private Fund or its sponsor or other investment vehicles managed by the fund's sponsor creates a conflict of interest for Kestra AS and its Advisor since we may receive compensation in addition to advisory fees in connection with the recommendation of a Private Fund.

Financial Planning and Consulting
Many of our Advisors perform financial planning, business consulting, estate planning, and similar securities investment consulting services for you. In performing financial planning or consulting services, the Advisor typically reviews your overall financial circumstances, such as your tax status, insurance needs, overall debt, business ventures, retirement savings and current investments. An Advisor's services may also focus on only one or several of these areas, depending on your specific engagement.

You will enter into an agreement with us setting forth the services our Advisor will provide and other terms and conditions of the relationship, such as fees for our services. You are under no obligation to accept any of the recommendations from an Advisor pursuant to a financial planning or consulting engagement, and you retain discretion and responsibility for implementing the recommendations in the absence of a contract for such additional services.

Wrap Fee Programs
Through our relationship with Envestnet, we sponsor a privately labeled wrap fee program on the AdvisorEnterprise Platform. Our Advisors have access to an Advisor as Portfolio Manager Wrap (APM-Wrap) program and third-party managed wrap programs. We assess a Program Fee for accounts participating in the wrap program. Except where otherwise indicated, the Program Fee includes fees for Kestra AS and its affiliates' maintenance of the advisory platform, custody and trading services.

Depending on the Advisor Fee determined by your Advisor, the size of the account, the number of trades placed in your account and the transaction costs associated with those trades, the APM-Tickets program may cost more or less than the APM-Wrap program. When your Advisor chooses to pay your transaction charges or where the trades have no associated transaction charges, the APM-Tickets program is the lowest cost, providing your Advisor does not adjust their advisory fee to account for their additional expense. While there is no cap on the number of trades in your account, the APM-Wrap program is priced to accommodate approximately 60 trades per account annually. We reserve the right to assess your Advisor the cost of trades that exceed this amount which creates an incentive for the Advisor to limit trading in your account to avoid this cost.

In wrap program accounts, you will not be responsible for paying transaction charges to our affiliated broker-dealer but will be responsible for paying any account maintenance charges as detailed in the fee schedule of our affiliated broker-dealer. You are also responsible for paying any charges imposed by the issuers of investments in your account or their affiliates.

Please see our **Wrap Fee Program Brochure** for details and corresponding fee schedules regarding this wrap-fee program.

Advisory Annuity Plus Program (AAPlus)
We offer investment management services for assets in annuities in the AAPlus Program. When you establish an annuity contract through the AAPlus Program, your Advisor will manage the subaccounts in the annuity on a discretionary basis in accordance with your stated investment objectives and risk tolerance. Certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts or index-linked allocations. You should review the prospectus for a complete description of features, risks, and benefits associated with the product. Not all annuity products are approved for investment management services.

Individual Retirement Planning Services
Our Advisors also provide services in connection with clients' retirement accounts, such as individual retirement accounts (IRAs). Our services to IRA clients include those described above.

If you are participating in an employer sponsored retirement plan (such as 401(k) plan) and are no longer with that employer, you typically have four options (and may engage in a combination of these options): i) leave the money in the former employer's plan, if permitted, ii) roll over the assets to a new employer's plan, if one is available and rollovers are permitted, iii) rollover to an IRA, or iv) cash out the account value (which could, depending on your age, result in adverse tax consequences). To the extent you are a retirement plan client, please refer to our Retirement Plan Brochure.

Our Advisors may recommend that you roll over plan assets to an IRA under our management. As a result, we generally earn an asset-based fee. NFS assesses IRA accounts an annual charge of $35, which is shared with Kestra IS in an increasing proportion as the number of total accounts custodied at NFS increases. This payment arrangement NFS has with Kestra IS serves as an incentive to open IRA accounts with NFS. However, no portion of this fee is shared with our Advisors.

If you leave plan assets with your old employer's plan or roll the assets to a plan sponsored by a new employer, we cannot manage the assets and will earn no compensation unless we are engaged to monitor or consult on your assets in the retirement plan. We have a financial incentive to encourage you to roll plan assets into an IRA that we will manage.

There are various factors you should consider before rolling over assets from a retirement plan to an IRA. These factors include: 1) the investment options available in the plan versus the investment options available in an IRA; 2) fees and expenses in the plan versus the fees and expenses in an IRA; 3) the

services and responsiveness of the plan's investment professionals versus ours; 4) strategies for the protection of assets from creditors and legal judgments; 5) required minimum distributions and age considerations; and 6) employer stock tax consequences, if any. No client is under any obligation to roll over plan assets to an IRA managed by us or to engage our Advisors to monitor and/or consult on an account maintained in an existing retirement plan. A recommendation to roll assets out of an employer-sponsored plan into an IRA will most likely result in more expenses and charges than if the assets were to remain in the plan.

Qualified and Non-Qualified Retirement Services
Please see our **Retirement Plan Brochure** for more information on retirement plan services.

Other Information About Advisory Services
In some instances, we and our Advisors may independently consider a security a client is trying to sell appropriate for another one of our clients. We and our Advisors advise numerous clients with similar or identical investment objectives or advise clients with different objectives that may trade in the same securities. Despite such similarities, portfolio recommendations relating to your investments and the performance resulting from such recommendations will differ from client to client. We will not necessarily recommend, purchase, or sell the same securities at the same time or in the same amounts for all eligible clients. In some cases, such as the recommendations of private placements or oversubscribed public offerings, due to the availability of, or qualifications necessary to buy the investment, it may not be possible or feasible for you to buy a certain security. Therefore, you will not necessarily be able to participate in the same investment opportunities or participate on the same basis with our other clients. To the extent our Advisors have investment discretion over your account, it is our policy that the Advisor allocate, to the extent practicable, investment opportunities on a basis that the Advisor in good faith believes is fair and equitable to each client over time.

We utilize BTS, an unaffiliated third-party strategist, to provide investment subadvisory services as a model signal provider to a limited number of Advisors who utilize that data to inform their own asset allocation models.

You should promptly notify us if there is a change in your financial circumstances or investment objectives so we may confirm any prior recommendations remain appropriate going forward or advise you as to any proposed changes.

As of December 31, 2024, we managed approximately $60,174,310,000 in assets for approximately 155,500 clients. Approximately $44,529,822,000 is managed on a discretionary basis, and approximately $15,644,488,000 is managed on a non-discretionary basis.

Item 5: Fees and Compensation

General Information on Fees
Our asset-based fees range up to 2.5 percent of assets under management and are determined by your Advisor based upon a variety of factors, such as the value of your assets under management, your account registration type (e.g., retirement), the nature of services we provide to you, the platform(s) and the program(s) you or your Advisor choose and the current market and pricing for similar services. You may pay a higher or lower fee than other clients pay for similar services.

You pay an asset-based fee typically on a quarterly basis in advance or arrears, as determined between you and your Advisor. All fees are negotiable, subject to the maximum amount set forth above. We may waive or charge a lesser fee or may charge a flat fee for our services. The advisory fees we charge may be higher or lower than those charged by other investment advisers for comparable services. The fees that we charge to manage assets in your account may be more than the amount you would pay us or our affiliated broker-dealer to buy or sell securities on a commission basis in a non-managed account.

If you have multiple accounts, you are eligible to consolidate account assets by "household" for fee billing purposes. Generally, householding your accounts will reduce overall management fees and should be considered where applicable. Clients should discuss with their advisor which accounts will be included within the client's household for purposes of fee billing.

We pay our Advisors a percentage of the fees we receive. Our affiliate broker-dealer Kestra IS pays its registered representatives a percentage of the commissions it receives. Our Advisors receive a higher percentage of the fees we receive as their production of fees and their production of commissions in their separate capacity as a registered representative of Kestra IS increases. We will also aggregate the production of several Advisors in the same branch or firm which can allow these Advisors to reach higher payouts more quickly than if the payout were based on individual production. The practice of providing a tiered payout and aggregation of production creates a conflict of interest as your Advisor is incentivized to increase their production with us and our affiliate to obtain higher compensation percentages and additional compensation. In addition, certain Advisors that meet internal criteria that include production receive additional benefits such as practice management consulting or producer trips.

When an Advisor terminates their relationship with us, we will notify you and will resign as fiduciary for all Advisor as portfolio manager accounts. This action will make your account a commissionable account and you will be charged standard fees and commissions for transactions and other services. The fees billed to your account for advisory services will stop. once the account has been converted.

In the event your account has been billed in advance, and your advisory agreement is terminated prior to the end of the term for which fees have been collected, we will return any unearned fees to you. Where your assets are invested with Third Party Strategist, or Separately Managed Accounts, your accounts will continue to be managed and billed advisory fees. We will retain those billed fees previously allocated to your advisor.

An overview of the fee breakdown for managed accounts is provided below:

Advisor as Portfolio Manager Tickets on AdvisorEnterprise (APM-Tickets)
Maximum Client Fee: 2.5%
Ticket charges apply.

A Program Fee ranging from 0.14% to .02% is deducted from the Client Fee you negotiate with your advisor. This payment structure incentivizes your advisor to increase the Client Fee assessed by an amount sufficient to offset the Program Fee, which is a conflict of interest.

Advisor as Portfolio Manager Wrap on AdvisorEnterprise (APM-Wrap)
Maximum Client Fee: 2.5%
Ticket charges do not apply.

A Program Fee ranging from 0.19% to 0.02% is deducted from the Client Fee you negotiate with your advisor. This payment structure incentivizes your advisor to increase the Client Fee assessed by an amount sufficient to offset the Program Fee, which is a conflict of interest.

Advisor as Portfolio Manager (APM) on Horizon or Advisor Choice
Maximum Client Fee: 2.5%
Ticket charges apply. Ticket charges are typically higher than those on our other platforms.

A Program Fee ranging from 0.00% to 0.05% is deducted from the Client Fee you negotiate with your advisor. This payment structure incentivizes your advisor to increase the Client Fee assessed by an amount sufficient to offset the Program Fee, which is a conflict of interest.

Fund Strategist Portfolio (FSP) Wrap on AdvisorEnterprise
Maximum Client Fee: 2.5%
Manager Fee: Ranges from 0.45% to .02%
Custom FSP arrangements will typically fall out of the above quoted range.
Manager Fees in the FSP Program will vary by manager and model selected.

A Program Fee ranging from 0.26% to 0.05% is deducted from the Advisor Fee you negotiate with your advisor. This payment structure incentivizes your advisor to increase the Advisor Fee assessed by an amount sufficient to offset the Program Fee, which is a conflict of interest.

Separately Managed Accounts (SMA) Wrap on AdvisorEnterprise
Maximum Client Fee: 2.5%
Manager Fee: Ranges 1.02% to .02%
Custom SMA arrangements will typically fall out of the above quoted range.
Manager fees in the SMA Program will vary by manager and model selected.

A Program Fee ranging from 0.26 to 0.05% is deducted from the Advisor Fee you negotiate with your advisor. This payment structure incentivizes your advisor to increase the Advisor Fee assessed by an amount sufficient to offset the Program Fee, which is a conflict of interest.

Unified Managed Account (UMA) Wrap on AdvisorEnterprise
Maximum Client Fee: 2.5%
Manager Fee: Ranges 0.77% to .02%
Manager Fees in the UMA Program will vary by manager and model selected.
Custom pricing arrangements will typically fall out of the above quoted range.

A Program Fee ranging from 0.26 to 0.05% is deducted from the Advisor Fee you negotiate with your Advisor. This payment structure incentivizes your advisor to increase the Advisor Fee assessed by an amount sufficient to offset the Program Fee, which is a conflict of interest.

Please see our **Wrap Fee Program Brochure** for more details regarding the wrap fee program.

Advisory Annuity Plus (AAPlus) Program
Maximum Client Fee: 1.5%

A Program Fee ranging from 0.14% to .045% is deducted from the Client Fee you negotiate with your advisor. This payment structure incentivizes your advisor to increase the Client Fee assessed by an amount sufficient to offset the Program Fee, which is a conflict of interest.

There may be additional fees and charges including mortality, expense and administrative charges, subaccount management fees, fees for additional riders on the contract and charges imposed by the annuity carrier for excessive transfers within a calendar year. Annuities purchased through the AAPlus Program may cost more than annuities purchased outside of the AAplus Program. There could be other annuity products suitable for you that are more or less costly.

Fees For Advisor Managed Accounts

Transaction Charges
Your Advisor Managed Account is assessed transaction charges related to activity in your account by our affiliated broker-dealer, Kestra IS, in accordance with its current transaction fee schedule, which your Advisor will provide upon request. Transaction charges are customizable and negotiable and may be

waived or raised at any time by Kestra IS in accordance with its brokerage agreement with you. Kestra IS typically does not charge you commissions for transactions in mutual funds; however, there is typically a transaction charge assessed on such transactions. Please see the **Brokerage Practices** section for more information.

Your Advisor may opt to absorb the transaction charges associated with your account, which creates a conflict of interest as it lowers the compensation your Advisor receives, and thus incentivizes less frequent trading to minimize the trading costs your Advisor absorbs.

Your Advisor has the ability to negotiate certain account fees, including transaction costs, when recommending third-party custodial and asset management platforms. Such negotiation results in different platform costs being charged for similar services on different management platforms.
Certain mutual funds pay our affiliated broker-dealer, Kestra IS, various service fees or 12b-1 distribution fees, and we credit an amount equal to those fees back to you, except for 12b-1 fees our affiliated broker-dealer receives in connection with sweep money market mutual funds, which our broker-dealer retains. This creates an incentive, and thus a conflict of interest, for Kestra IS or us to recommend money market mutual funds as sweep account options for the brokerage account, because it does not credit such fees back to you.

Kestra IS charges its customers more for transaction charges and certain other costs than the amount it pays to its clearing firm, NFS. Please see the **Brokerage Practices** section for more information.

Fees For Advisory Programs

AdvisorEnterprise
The annual Client Fee for AdvisorEnterprise Advisor as Portfolio Manager (APM) Accounts ranges up to 2.5 percent of assets under management, and is based upon a variety of factors, such as, but not limited to, account size, account type (e.g., retirement) and types of investments in your account. All fees are negotiable, subject to the maximum amount set forth above. Asset-based fees are typically assessed quarterly in advance based upon the fair market value of your assets on the last business day of the preceding quarter. We may waive or charge clients a lesser fee.

Your APM-Tickets Account will also be assessed transaction charges related to activity in the account. Your Advisor may opt to absorb the transaction charges associated with your account, which creates a conflict of interest as it lowers the compensation your Advisor receives, and thus incentivizes less frequent trading to minimize the trading costs your Advisor absorbs. Please see the **Brokerage Practices** section for more information.

In both APM programs on the AdvisorEnterprise Platform, you will pay a Client Fee, which is comprised of a Program Fee we collection in connection with our maintenance of our advisory platform and an Advisor Fee we collect in connection with the investment advice provided through your Advisor.

We charge a Program Fee to access the AdvisorEnterprise Platform, which is paid to us from the Client Fee you negotiate with your advisor. The Program Fee is based on the account/household size and the amount of client assets your Advisor's firm places on the AdvisorEnterprise Platform. The Program Fee includes fees for Kestra AS and its affiliates' maintenance of the advisory platform, custody and trading services. This payment structure incentivizes your advisor to increase the Client Fee assessed by an amount sufficient to offset the Program Fee, which is a conflict of interest.

The Program Fee for APM-Tickets is calculated on a blended basis. For the first $5M of an account/household, the Program Fee ranges from 0.14% to 0.045%. Any amount above $5M is charged 0.02%. Therefore, any account or household above $5M will have a blended Program Fee.

For APM-Tickets Program accounts, you will pay a transaction cost associated with trades in your account and other applicable broker-dealer charges as detailed in the fee schedule of our affiliated broker-dealer. You are also responsible for paying any charges imposed by the issuers of investments in your account or their affiliates.

For APM-Wrap Program accounts, you will not be responsible for paying transaction charges to our affiliated broker-dealer but will be responsible for paying any account maintenance costs as detailed in the fee schedule of our affiliated broker-dealer. You are also responsible for paying any charges imposed by the issuers of investments in your account or their affiliates.

The APM-Wrap program allows us to charge one consolidated fee for investment advisory services and transaction fees rather than separately charging advisory and transaction fees as we do in the APM-Tickets program. The wrap fee is assessed as a percentage of the value of your account.

Because the wrap fee does not change in relation to transaction volume, you will generally derive greater benefits from a wrap program when your account is actively traded. If, over time, your trade volume is low, we generally recommend you consider converting your account to the APM-Tickets program or terminating your advisory agreement. Likewise, if your accounts are in the APM-Tickets program and the trading activity in your account is high, we generally recommend you consider converting to the APM-Wrap program in order to avoid individual transaction charges applicable to the APM Tickets program.

Depending on the advisory fee charged by your financial advisor, the size of the account, and the number of trades placed in your account, the APM-Tickets program may cost more or less than the APM-Wrap program. When your advisor chooses to pay your transaction charges, the APM-Tickets program is the lowest cost program, providing your advisor does not adjust the Client Fee to account for their additional expense.

Please see our **Wrap Fee Program Brochure** for details and a corresponding fee schedule regarding the APM-Wrap-fee program

Regardless of what our Advisor determines as an appropriate Client Fee, your AdvisorEnterprise Account is still subject to a minimum annual account fee. The minimum annual account fee varies by program on AdvisorEnterprise. Kestra AS (the sponsor of this program) assesses the fee based on the size of the account. If the Program Fee does not meet at least the specified minimums of $60 for APM accounts with tickets (APM-Tickets), $95 for APM accounts with wrap (APM-Wrap), $75 for Fund Strategist Portfolios, and Separately Managed Accounts (SMA) and $350 for Unified Managed Accounts (UMA) a minimum annual account fee will be assessed to your Advisor

Your Advisor receives an economic benefit because of your participation in the AdvisorEnterprise Platform. The amount of this economic benefit is generally more than what your Advisor would receive if you participated in our other platforms or programs or separately paid for investment advice, brokerage, and other services.

An Advisor receives additional economic benefit as a result of placing business with us in the form of reduced charges for the programs, and services we make available to the Advisor for use with their clients. For example, we assess Advisors a Program Fee for accounts on the AdvisorEnterprise Platform. The Program Fee includes fees for Kestra AS and its affiliates' maintenance of the advisory platform, custody and trading services. An Advisor receives additional economic benefit in the form of lower Program Fees, as a result of placing business on the AdvisorEnterprise Platform; as the Program Fees decrease, the Advisor retains a greater portion of the Client Fee. An Advisor therefore has a financial incentive to recommend the AdvisorEnterprise Program over other platforms or services we provide, which is a conflict of interest. The reduced charges and additional compensation is generally based on the

aggregate amount of assets of the Advisor's clients utilizing platforms and services we and our affiliates provide or other factors in our discretion.

Advisors receive firm-level pricing to determine their Program Fee on the AdvisorEnterprise platform. A firm is defined as those financial professionals with a shared firm name and financial structure. Advisors are placed in their respective levels based on their firm-level combined assets under management on the AdvisorEnterprise Programs and Horizon accounts. Some Advisors will have higher Program Fees than other Advisors.

Horizon and AdvisorChoice

The annual Client Fee for Horizon and AdvisorChoice Portfolio as Manager Accounts ranges up to 2.5 percent of assets under management. Horizon and AdvisorChoice Managed Accounts are subject to a Program Fee of 0.05 percent; however, we may, at our discretion, waive or discount this charge. Your Advisor is incentivized to increase the cost of the advisory services you are charged with to offset the impact of the Program Fee. Your Advisor is also incentivized to place your account on the AdvisorEnterprise Platform to avoid incurring the Program Fee.

Asset-based fees for a Horizon or AdvisorChoice Managed Account are typically assessed quarterly in advance based upon the average daily balance of your assets over the preceding quarter. Your Horizon or AdvisorChoice Managed Account will also be assessed transaction charges, which your Advisor may opt, at their discretion, to absorb. If your Advisor usually absorbs transaction charges, your Advisor has a conflict of interest and is incentivized to place fewer trades in your account than may otherwise be placed if trade costs were nonexistent in order to reduce the amount of trading expenses that your Advisor absorbs.

Your Advisor receives compensation as a result of your participation in these platforms. The amount of this compensation will generally be more than what your Advisor would receive if you participated in our other investment advisory programs or separately paid for investment advice, brokerage and other services. Your Advisor therefore has a financial incentive to recommend these platforms over other programs or services we offer.

Fees For Third-Party Advisory Programs

SEI

You will pay an annual fee for the SEI Program, which ranges up to 2.5 percent of assets under management. Your Advisor can negotiate the fee with you and SEI based upon a variety of factors, such as account size, account type (e.g., retirement) and types of investments within your account.

SEI offers the following advisory services or solution types to clients:

- SEI Target Allocation Solutions: 0 to 45 bps
- SEI Objective Based Solutions: 0 to 45 bps
- Separately Managed Accounts: 18 bps to 125 bps
- Custom High Net Worth Solutions: 55 bps to 105 bps

Maximum Client Fee: 2.5%

SEI EAS Program: 0.20%; the platform fee is subject to a $1,000 per year, per account, maximum.

Small Account Fees: $60 annual fee, charged quarterly in arrears, for accounts under $50,000.

The SEI Trust Company is responsible for providing you with statements, at least quarterly, showing all the assets and activity in your Advisor Managed Account with the SEI Program. These statements include any fees or charges assessed in the quarter. SEI Trust Company deducts fees from your account in accordance with your agreement with SEI and the requirements of applicable law.

AssetMark

You will pay fees in connection with an Advisor Managed Account with the AssetMark Program based upon the solution you and your Advisor choose as referenced below. The fees applicable to each Account on the Platform include:

1. Financial Advisor Fee (this is negotiated with your advisor and will not exceed 2.5%)
2. Platform Fee, which includes any Strategist or Manager Fee, as applicable, and most custody fees.
3. Initial Consulting Fees (this is negotiated with your Advisor at the outset of your engagement)

Other fees for special services are also charged. The Fees applicable to the Account will be set forth in the Client Billing Authorization. You should consider all applicable fees prior to engaging your Advisor for such services.

AssetMark offers the following advisory services or solution types to clients:

- Guided portfolios range from 0bps - 65bps
- Single strategy solution types range from 0bps to 110bps
- Separately Managed Accounts range from 70-80 bps
- Unified Managed Accounts range from 65bps to 110bps
- Multiple Strategy Accounts range from 25 to 110 bps

Maximum Client Fee: 2.5%

The applicable custodian will deduct fees from your account in accordance with your agreement with AssetMark, your custodial agreement and applicable law.

With respect to the AssetMark Program, some of our Advisors are entitled to receive a reimbursement from AssetMark for qualified marketing and/or business development expenses based on the total assets invested in the AssetMark program. Kestra AS limits the reimbursement to $5,000 per Advisor per vendor regardless of whether the advisor qualifies for additional reimbursement funds above that amount. This additional financial benefit is not shared with you and creates a conflict of interest due to the incentive it creates for your Advisor to utilize the AssetMark Program.

Fees for Financial Planning and Financial Consulting

Our Advisors charge fees for financial planning and financial consulting on an hourly basis, a percentage of assets, or a negotiated flat fee basis. These fees will vary based on the services provided and are negotiable. A flat fee charge may result in a total fee that is, on a percentage basis, greater than our typical maximum asset-based fee of 2.5 percent.

You may purchase any recommended security or investment product from a broker-dealer that is not affiliated with us or our Advisor. Should you choose to utilize your Advisor to implement the recommendations in your financial plan, your Advisor may act as an asset manager for your portfolio and receive advisory fees or may act as a broker and purchase securities for you on a commission basis, or some combination of the two. In that event, our affiliated broker-dealer, Kestra IS, will receive compensation from the sale of a security or investment products recommended to you and purchased through Kestra IS. Please refer to the **Brokerage Practices** section for additional information.



Other Information on Fees and Compensation
You may pay advisory fees to us by check, wire, or by authorizing the deduction of fees from your or another authorized account. If you authorize us to deduct fees from your account, you are responsible for fees, charges and other costs associated with the fee deduction, as well as any tax impact associated with the deduction. When fees are deducted from accounts, the Advisor or account custodian will send you information reflecting the amount of fees deducted. You will receive a statement at least quarterly from your account custodian, showing all amounts disbursed from your account, including the advisory fees paid to us.

Our Advisors offer a wide variety of securities products and services since we are affiliated with a broker-dealer and insurance agency. Advisors are free to choose the products and services they make available to clients subject to applicable rules of suitability, appropriate licensing, and our policies and procedures. Some Advisors may not consider or be able to offer all of the products and services available through our company or our affiliates. In addition, the commissions, fees and other forms of compensation paid in connection with the purchase or sale of products and services vary. Accordingly, Advisors have a conflict of interest to the extent they recommend products or services that pay more compensation than other similar products or services available through us or our affiliates.

Although we are affiliated with an insurance agency, we do not sell fixed or general account life insurance products or annuities other than certain fixed indexed annuities and broker dealer offered fixed annuities available through our affiliated broker-dealer. Some of our Advisors, in their individual capacities as insurance agents may recommend you purchase fixed or general account insurance products or annuities on a commission basis. We do not oversee and are not responsible for these insurance sales, however, we do refer our Advisors to certain third-party broker general agencies (BGAs) and our affiliated insurance agencies receive compensation from the BGAs if our Advisors use the services of these BGAs. Our Advisors are not required to utilize the services of any BGA to whom we refer business.

In their capacity as a registered representative of our affiliated broker-dealer, our Advisors recommend various third-party investment vehicles that are subject to initial and ongoing expenses and fees, such as sales loads, servicing fees and management fees. Examples of these collective investments and financial products are mutual funds, variable insurance products, real estate investment trusts (known as REITs), partnerships that invest in securities, or hedge funds. The initial and ongoing expenses and fees of these investment vehicles are disclosed in the applicable offering document of the investment and are payable by you in addition to any fee we and our Advisors charge.

If you purchased investments through another firm and transfer them to an account with us, you will pay ongoing fees and expenses to the investment product sponsor, or its affiliates, in addition to the fees we charge. For example, if you purchase mutual funds through another company and subsequently transfer those mutual funds to an advisory account with us, you will pay ongoing fees and expenses to the mutual fund company in addition to the fees we charge.

In addition, if you purchased an investment on a commission basis, your Advisor may, after a period of time, assess an advisory fee as well. Because advisory accounts are subject to ongoing advisory fees, the cost of owning an illiquid asset in an advisory account will be higher than if the asset were purchased on a commission basis (either directly from the product sponsor or through a retail brokerage account) and held in a non-advisory account. Please discuss with your advisor the options available to purchase and hold these or other products.

If you choose to purchase an alternative investment on a commission basis, we will not charge an advisory fee on the value of that investment. Should your alternative investment be converted by the issuer to an advisory share class, the value of that investment will be subject to an advisory fee. Note that you will likely pay more in advisory fees versus up-front commissions over the typical holding period of these investments to the extent they are subject to an advisory fee.

NAV for illiquid alternative investments in your advisory account may be calculated as often as quarterly but no less frequently than annually. In the case where an alternative investment is valued annually, the underlying value of the asset may fluctuate, but the NAV will continue to serve as the basis for the AUM calculation. This could result in you experiencing higher or lower fees than if the NAV were calculated more frequently.

Subject to the capabilities of the account custodian, you may direct certain investments to be held within your account that are not to be included in the management of your portfolio. If you identify such assets in advance, we will not manage those assets or include them for purposes of calculating your advisory fee; however, you still may be subject to applicable platform or program fees on such assets. In addition, we may choose not to manage or charge advisory fees on assets held in an advisory account that we determine are not suitable for management by Kestra AS based on the nature or liquidity of the asset.

If you choose to authorize Kestra AS to use margin in your account, our fees would increase as the market value of your investment portfolio increases. Our offer to provide margin as a strategy creates a conflict of interest since we stand to receive increased advisory fees and our affiliate will receive margin revenue should you choose to employ a margin loan.

We make available third parties for our Advisors to utilize in providing you the services described in this document, and such third parties may compensate us for training, marketing efforts, staffing and ongoing education of Advisors related to such third parties. This financial and non-financial support incentivizes us and your Advisor to utilize the services of these third parties, which is a conflict of interest. Please refer to the **Client Referrals and Other Compensation** section below.

Some of the third-party money managers and strategists we make available can be accessed through different advisory platforms and programs we offer, and your advisory fee will vary depending on the platform or program selected to access the manager or strategist. While we have an incentive to recommend a higher priced platform because we earn additional advisory fees, the cost of a particular platform or program used to access a specified manager or strategist is only one component of the overall cost and, therefore, the total fees you pay could be higher or lower in the aggregate. You should discuss with your Advisor the platform and program pricing relative to a specific manager or strategist for additional details or contact our Chief Compliance Officer for additional information.

Some of our Advisors participate in incentive trips and receive other forms of non-cash compensation based on the amount of their sales and services through Kestra IS and Kestra AS, non-affiliated marketing groups, or product manufacturers. To the extent your Advisor participates in an incentive trip or receives other forms of non-cash compensation, a conflict of interest exists in connection with the Advisor's recommendation of products and services for which they receive these additional economic benefits. Kestra IS allows representatives to receive marketing reimbursements from product providers to help defray these expenses. There is no requirement or expectation that representatives refer clients to or place assets with such providers. Please contact our Chief Compliance Officer for additional information.

To the extent an Advisor has waived any commission from the sale of a security or investment product, a third party may still provide additional compensation to us. This third-party compensation creates a conflict of interest since it would result in increased compensation for us or our affiliates.

Kestra charges its Advisors for certain products and services, such as access to eMoney reporting. Advisors may charge you more for these products and services than they pay to Kestra, which is sometimes called a "mark-up". Mark-ups vary by product and the type of service provided. This practice creates a conflict of interest for your Advisor as there is a financial incentive to recommend products and services that generate additional compensation.

We or our affiliates utilize third parties to fulfill services we provide or make available to you such as printing, mailing, planning software, and trading. Through enterprise level pricing or mark-ups, we or our affiliates often charge you more than our actual cost for such services. To the extent our costs are passed on to our Advisors, our Advisors may factor these costs into the advisory fees you are charged.

Item 6: Performance-based Fees and Compensation

We and our Advisors do not charge performance-based fees.

Item 7: Types of Clients

Our clients include individuals, banking or thrift institutions, pension and profit-sharing plans, charitable organizations, insurance companies, and corporations and other business organizations. Certain Advisory Platforms and Advisory Programs have minimum account sizes or minimum managed household assets as described above in the **ADVISORY BUSINESS** section. We also provide investment advice and services to retirement plans, which we describe in our Retirement Plan Client Brochure.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

We analyze investment programs and products of third-party managers by reviewing the background of persons associated with the manager, the manager's investment process, investment philosophy, methodology used within the program, and disclosure documents related to the program.

Advisors at times perform their own research on securities and programs through third-party resources available to the public, and employ various forms of analysis such as charting, fundamental analysis, technical analysis and cyclical analysis. Sources of information we and our Advisors use include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission and company press releases. Performance reports vary and may use a Modified Dietz, Money Weighted Rate of Return, Time Weighted Rate of Return, or Internal Rate of Return for performance calculations.

While we do not have a firm-wide investment strategy, many of our Advisors recommend various forms of strategic asset allocation. An investment strategy is based upon objectives you define in consultation with your Advisor. Other strategies an Advisor may use include long-term buy and hold, short-term purchases, trading, short sales, margin transactions and option writing (including covered options, uncovered options or spreading strategies).

We treat cash as an asset class. As such, unless determined to the contrary by you or Kestra, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Kestra's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Kestra representatives may recommend maintaining cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, Kestra's advisory fee could exceed the interest paid by the client's money market fund.

A margin transaction occurs when you borrow against your invested assets to make additional investments. The securities used as collateral on the margin loan are subject to sale if capital requirements are not met. Because of the effect of the leverage of borrowing, gains or losses from the security you purchased on margin can be magnified.

Any investment or investment strategy involves risk of loss you should be prepared to bear. Examples of risks you could face are:

- *Interest rate Risk*: Fluctuations in interest rates generally cause investment values to fluctuate. For example, market values of bonds typically decline when interest rates rise, because the rising rate makes the existing bond yields less attractive.
- *Market Risk*: External factors independent of a security's particular underlying circumstances may impact its value. The value of a security, bond or mutual fund may drop in reaction to tangible and intangible events and conditions, such as a political or social event or an economic condition.
- *Inflation Risk*: Inflation means a dollar today buys more than a dollar next year. When inflation is present, your purchasing power typically decreases at the rate of inflation.
- *Currency Risk*: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. Also known as exchange rate risk, these risks may be present in international mutual funds for example.
- *Reinvestment Risk*: The risk that future proceeds from investments may be reinvested at a potentially lower rate of return is reinvestment risk. This risk primarily relates to fixed income securities.
- *Business Risk*: Risks associated with a particular industry or a specific company may impact the value of investments. For example, oil-drilling companies typically have more business risk than electric companies since they depend on finding oil and then refining it efficiently before they generate a profit. An electric company generates income from customers who buy electricity regardless of economic conditions.
- *Liquidity Risk*: Liquidity means the ability to readily convert an investment into cash. Assets with many purchasers are generally more liquid. For example, Treasury Bills are highly liquid, while real estate properties are less so.
- *Financial Risk*: A company with excessive borrowing or that takes significant business risks to generate profit is typically at a greater risk of financial difficulty or failure.
- *Digital Currency Risk*. Investments in digital or virtual currency or securities primarily holding such currency can be volatile and subject to a high degree of risk. The risk of loss for individual investors who participate in transactions involving digital assets is significant. The only money you should put at risk with this or any other speculative investment is money you can afford to lose entirely.

Item 9: Disciplinary History

We have periodically been subject to administrative sanctions by state and self-regulatory agencies. A summary of the events is provided below for your reference. Prior to 4/7/2016 we were a dual registrant with our affiliated broker-dealer, Kestra IS (formerly known as NFP Advisor Services, LLC and NFP Securities, Inc.) and a summary of administrative actions applicable to Kestra AS and Kestra IS during the time we were dually registered follows. Additional detail regarding Kestra IS matters is available through FINRA's Broker/Check system.

Kestra AS:
On July 9, 2021, Kestra AS entered into a settlement with the SEC related to compensation paid to its predecessor firm and affiliated broker-dealer that (i) created conflicts of interest which were not accompanied by adequate disclosure and (ii) resulted in a violation of the firm's obligation to seek best execution, in violation of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. In particular, the affiliated broker-dealer received revenue sharing payments from an unaffiliated clearing broker-dealer as a result of Kestra AS's advisory clients' investments in certain mutual funds. Certain of the mutual funds that paid revenue sharing were more expensive than lower-cost options available to clients (including lower-cost fund share classes that did not result in any revenue sharing). In addition, the affiliated broker-dealer received compensation resulting from transaction fees charged on mutual fund trades and non-transaction fees for certain services provided to Kestra AS's advisory clients, which were

greater than the amount charged to the affiliated broker-dealer by the clearing broker-dealer for those trades and services. The SEC also found that Kestra AS failed to adopt and implement adequate written compliance policies and procedures in connection with the foregoing practices. Without admitting or denying the underlying findings, Kestra AS offered to accept a censure, an order to cease and desist from committing or causing such violations and to pay eligible clients an estimated $7,229,802 in disgorgement, $1,273,370 in interest and a penalty of $1,500,000.

On March 11, 2019, Kestra AS was subject to an order issued by the SEC related to the recommendation of mutual fund share classes generating compensation to Kestra AS's affiliated broker-dealer without adequate disclosure of such compensation and the additional expenses associated with the share classes in violation of Sections 206(2) and 207 of the Advisers Act. Without admitting or denying the underlying findings, Kestra AS offered to accept a censure and pay eligible customers an estimated $5,628,383.60 in disgorgement and $567,895.75 in interest.

On July 19, 2016, Kestra AS agreed to pay $100,000 to the Commonwealth of Massachusetts for failing to register its investment adviser representatives who had a place of business in Massachusetts and ensure that its representatives were properly registered with the Commonwealth prior to providing investment advisory services.

Kestra IS:
On July 16, 2015, Kestra IS, which at the time it was both a broker-dealer and investment adviser (which investment adviser business ultimately became Kestra AS) agreed to pay FINRA a fine of $500,000 in connection with the supervision of private securities transactions of registered representatives registered with third-party registered investment advisers, preservation of securities-related email, approving and preserving certain advertising materials, and updating Form U4 for certain representatives in a timely fashion.

Item 10: Other Financial Industry Activities and Affiliations

Kestra IS and Kestra AS are affiliated entities and subsidiaries of Kestra Financial, Inc. Kestra AS utilizes Kestra IS as its primary broker-dealer, and there are inherent conflicts of interest as a result of this arrangement. The conflicts relative to this affiliation are described generally in this section and detailed in the **Brokerage Practices** section below.

If you choose to purchase "offered" securities through Kestra IS, the broker-dealer will receive commissions from the issuer (such as a mutual fund or insurance company) or its affiliate, or will charge brokerage commissions, markups or markdowns to effect a transaction in stocks, bonds or other traded securities. A portion of the commissions, markups or markdowns will be paid to the applicable Advisor. Brokerage commissions, markups and markdowns charged by Kestra IS may be higher or lower than those charged by other broker-dealers. Commissions paid to Kestra IS by an issuer or its affiliate are typically set forth in the applicable offering documents. Mutual funds or their affiliates pay Kestra IS ongoing 12b-1 distribution and shareholder servicing fees applicable to certain share classes purchased for a client account during the period that the client maintains the mutual fund investment. Advisory accounts are credited back an amount equal to the 12b-1 fees Kestra IS receives from the mutual funds, except for 12b-1 fees received by NFS, the clearing firm, in connection with sweep money market mutual funds, which NFS in turn pays to Kestra IS and Kestra IS retains. This creates a conflict of interest for Kestra IS to recommend a money market mutual fund as a sweep account option for its brokerage account.

There are significant differences between brokerage and advisory services, which are governed by different regulations, have different compensation structures, and place different obligations on your Advisor. The services provided for brokerage and advisory accounts also differ, and one arrangement may entail a lower cost than the other. Compensation for brokerage accounts is typically commission-

based. Compensation for advisory services is typically fee-based and assessed either as a flat fee or based on a percentage of assets under management. In some instances, a security may be purchased only through a broker-dealer (for which the customer would pay commissions). At times, your Advisor will offset advisory fees you pay for investment advisory services by the amount of commissions received on the purchase or sale of a security or will not assess an advisory fee on assets for a period of time so that the Advisor does not receive investment advisory fees and commissions on the same assets.

You may, but are not obligated to, engage our Advisors, in their capacities as registered representatives of Kestra IS, to implement investment recommendations on a commission basis. Acting as a registered representative of a broker-dealer and recommending the purchase of securities involves a conflict of interest since the receipt of commissions provides an incentive to recommend products based on the commissions received rather than your particular needs. The firm does not oversee and is not responsible for overseeing the sale of securities or fixed insurance products by your Advisor in their capacity as a registered representative of Kestra IS or as an insurance agent. You are under no obligation to purchase any products sold by our Advisors while acting as a registered representative or insurance agent.

Our Advisors, in their capacity as registered representatives of Kestra IS, have the ability to offer various securities to customers, including customers who are advisory clients of the firm. Such products include non-traded securities such as hedge funds, limited partnerships and privately offered securities. Generally, you must meet certain financial, experience and/or risk tolerance requirements before you may invest in such products. While Kestra IS introduces accounts and securities transactions to NFS, Kestra AS may buy or sell securities through other custodians or clearing firms.

In addition to the advisory fees you pay, when securities transactions are affected on behalf of investment advisory clients through our affiliated broker-dealer, Kestra IS, it receives transaction-based compensation. This compensation creates a conflict of interest where we recommend, purchase or sell securities through Kestra IS because in such instances we receive investment advisory fees and Kestra IS receives commissions, transaction fees, 12b-1 fees or other transaction-based compensation. In addition, Kestra IS receives non-transaction-based compensation, such as IRA custodial fees and administrative fees, when it is utilized as an introducing broker-dealer by investment advisory clients of the firm. Thus, the firm has a conflict of interest in recommending the use of Kestra IS as an introducing broker-dealer to you.

Our parent company, Kestra Financial, Inc., owns other investment advisers, insurance agencies, and service providers (Kestra Affiliates). When a company is acquired, production incentives are typically put into place in order to create an incentive to maximize earnings. When such a company's financial professionals are registered with us or one of the Kestra Affiliates, the financial professional has an incentive to both maximize their production and to recommend the products and services of the Kestra Affiliates.

From time to time, our Advisors will recommend that you purchase or sell products and services of or through the Kestra Affiliates, and these Kestra Affiliates (such as Kestra IS) receive compensation as a result. Such a recommendation creates a conflict of interest since it results in increased compensation to a Kestra Affiliate and your Advisor. As an example, your Advisor may recommend that you purchase variable insurance or fixed indexed annuities through Kestra IS, and if you do then Kestra IS and your Advisor receive compensation. Such compensation is in addition to any advisory fees you pay to the firm.

Our affiliation with certain insurance agencies and the additional compensation an Advisor receives, irrespective of our affiliation, creates a conflict of interest to the extent our affiliates or Advisors receive compensation in addition to the advisory fees you pay us.



Kestra Financial, Inc. and the Kestra Affiliates are ultimately owned by Kingfisher Topco Holdings, LP (Kingfisher). Some of our Advisors own equity in Kingfisher and stand to benefit if Kestra AS and the Kestra Affiliates perform well financially. This ownership creates a conflict of interest since Advisors owning equity in Kingfisher have an incentive to recommend the services of the Kestra Affiliates.

Other relationships with other Kestra companies include our ability to recommend services of our affiliate, Trinity Financial Services. Trinity Financial Services is an affiliated third-party administrator made available to Advisors for recommendation to retirement plan sponsors. The recommendation of Trinity Financial Services creates a conflict of interest since our affiliate would receive increased compensation if it is selected by a client.

We are affiliated with Arden Trust Company (Arden), a Delaware limited purpose trust company providing corporate trustee services. The recommendation of Arden for trust or other services creates a conflict of interest since our affiliate would receive additional compensation as a result of using their services. You are under no obligation to use Arden as a corporate trustee.

We are affiliated with Comprehensive Brokerage Services, LLC, also referred to as Kestra Insurance Planning (CBS), a brokerage general insurance agency that supports insurance agents using their services to sell life insurance and annuity products. We use CBS to assist us in placing insurance products where such products are appropriate for our clients. Our use of CBS to provide you insurance and annuity products creates a conflict of interest since our affiliate would receive additional compensation as a result of using their services.

An affiliate of Kestra AS is engaged in the acquisition of wealth management businesses. Kestra AS's affiliate periodically purchases the wealth management practice of existing Kestra Advisors. In addition, Kestra AS's affiliate periodically purchases the wealth management practice of investment adviser representatives of other companies, and those representatives become Advisors of Kestra AS as a result. These acquisitions create a conflict of interest since the Advisor has a financial incentive to recommend a client engage Kestra AS for advisory services, engage Kestra IS for brokerage services, and to recommend additional products and services.

We are affiliated with Kestra Investment management, LLC (Kestra IM). Kestra IM provides ongoing discretionary investment management services to clients through programs and platforms offered by or through affiliated registered investment advisers. Kestra IM is a Portfolio Manager offered through our AdvisorEnterprise Fund Strategist Portfolios (FSP) and Separately Managed Accounts (SMA) wrap fee programs. The recommendation of Kestra IM as Portfolio Manager creates a conflict of interest since our affiliate receives compensation for managing your assets in addition to the advisory fee we receive. You are under no obligation to use Kestra IM as a Portfolio Manager.

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

We maintain a written code of ethics in accordance with the Advisers Act that is intended to promote an ethical culture for our firm. Our code of ethics requires our personnel and Advisors to treat sensitive information confidentially, not misuse material non-public information about client transactions, report violations of the code, and comply with federal securities laws. The code of ethics also requires certain personnel and Advisors to report their personal securities holdings. We will provide a copy of our code of ethics upon request.

Our personnel and Advisors may invest for their own accounts in interests in investment partnerships, venture capital vehicles, and hedge funds and other commingled products or individual investment accounts managed by other advisers we have recommended to you as well. These entities and managers may also separately buy or sell investments that you buy or sell for your own account or that we have recommended to you. Generally, our Advisors and personnel have no ability to influence or control these

entities' transactions in securities. If such influence or control did exist, our personnel and Advisors would be subject to policies on employee trading described in our code of ethics and compliance manual to address this conflict of interest.

Our employees and Advisors may invest for their own accounts in securities which may also be recommended, purchased, or sold for you as our advisory client. Our code of ethics requires Advisors to place the interests of clients before their own interests. Our compliance department reviews personnel and Advisor trades each quarter in an effort to ensure that their personal trading does not impact trades for clients and that our clients receive preferential treatment. Personal trades which consist of mutual funds or exchange-traded funds will typically not have an impact on client trading or securities markets.

Item 12: Brokerage Practices

You will enter into separate custodial/clearing agreements with the applicable custodian for your advisory account. We typically place trades for our clients through Kestra IS, which introduces accounts and transactions to its clearing firm and custodian, NFS. However, we sometimes designate Pershing, Fidelity Institutional Wealth Services (IWS), Schwab, or other alternative clearing and custody companies. Your funds and securities are held with those custodial firms, and not by us, Kestra IS or your Advisor. We may also, at our discretion, accommodate your request to use an alternative custodian.

Use of Kestra IS
Although we may utilize other broker-dealers and account custodians to service your advisory account, as noted above we generally use our affiliated broker-dealer, Kestra IS, which introduces accounts to its clearing firm, NFS. By using our affiliated broker-dealer, we are able to provide a uniform technology platform to our Advisors for the management of client accounts and provide clients a uniform clearing and custodial platform applicable to both advisory and non-advisory brokerage accounts. However, the use of our affiliated broker-dealer and NFS creates a conflict of interest because Kestra IS earns brokerage commissions, markups, revenue sharing, transaction fees and other revenue, including non-transaction fees, in connection with your advisory account.

Kestra IS's Clearing Agreement with NFS
NFS performs certain brokerage functions for the account we advise on and acts as custodian for the assets in such account. NFS handles the delivery and receipt of all securities bought or sold in your account, values securities, receives and distributes all dividend and other distributions, and processes exchange offers, rights offerings, warrants, tender offers, or redemptions. NFS also sends trade confirmations (unless suppressed by you), periodic account statements of all activities, and shareholder communications. NFS maintains custody of your assets and performs other customary custodian services. NFS charges and collects fees and processes deposits to and withdrawals from your advisory account.

The use of NFS involves a conflict of interest because NFS pays Kestra IS various amounts in connection with assets on their platform. Kestra IS's business relationship with NFS also provides Kestra IS with considerable other benefits, including favorable pricing with NFS (including execution price discounts that increase with trade volume - these discounts are not shared with our Advisors or with clients), receipt of revenue sharing payments from NFS on certain mutual funds and ETFs and the sweep account bank account option, receipt of credits from NFS for business development and for net positive asset flows onto the NFS platform, and receipt of a portion of interest payments on margin loans and non-purpose loans. In addition, NFS provides Kestra IS payments for certain conferences and programs. The receipt by Kestra IS of such compensation from NFS, including credits and discounts that reduce amounts Kestra IS otherwise owes to NFS, creates a conflict of interest for the firm; the firm has an economic interest to use Kestra IS because of the affiliation between the two companies and Kestra IS has an economic incentive to use NFS as its clearing firm for trade execution and custody over other firms that do not or would not provide such economic benefits to Kestra IS, even if such other firms might be more beneficial to clients

of the firm. Accordingly, we have a financial incentive to recommend and use Kestra IS and NFS for brokerage and custodial services.

Kestra IS has a contract with NFS which provides Kestra IS incentives to place assets with NFS, as well as disincentives in the form of charges to Kestra IS if it were to terminate its contract with NFS before the end of the contract term. These contract terms create a conflict of interest for Kestra IS since Kestra IS has an incentive to utilize NFS as a clearing firm and custodian.

Markups
NFS charges Kestra IS for certain products and services (such as clearing of transactions, printing, handling and delivery or e-delivery of statements and trade confirmations, account verification and a number of technology and product solution services) that Kestra IS is responsible for providing to customers (including advisory clients of the firm), and Kestra IS sets its own price for such services, including administrative services and transactions. Kestra IS typically charges clients more for these services than it pays to NFS, which is sometimes called a "markup," and the markups vary by product, the type of service provided, the nature and amount of transactions involved (if applicable) and the type of account. This practice creates a conflict of interest for us since we have a financial incentive to recommend Kestra IS since Kestra IS earns substantial additional compensation for the services it provides. Advisors do not benefit directly from this arrangement. In addition, certain fees Kestra IS pays to NFS decrease as the total assets custodied with NFS increase. As a result, we have an incentive to recommend that you increase your investment in your advisory account, as that allows Kestra IS to pay NFS lower fees.

Kestra IS keeps the difference between the fee its customers (including you) pay and the amount paid to NFS, to cover its internal and external costs associated with processing the transaction(s) and providing other services and to generate revenue. This presents a conflict for Kestra IS, since setting a higher fee increases the revenue it receives, even though it will result in you paying higher fees. These markups are in addition to the investment advisory fees you pay us, and you should consider the additional revenue that Kestra IS receives when evaluating the appropriateness of our investment advisory fees.

Kestra IS charges customers more for services than what it is assessed by NFS in connection with the provision of these services. The amount charged by Kestra IS for these services may be changed at any time. For more information about Kestra IS's fees and charges, please see the Summary of Brokerage Fees schedule contained in the Kestra IS Brokerage Agreement, speak to your Advisor or call 844-5-KESTRA.

Kestra IS charges its brokerage customers more than what Kestra IS pays NFS or other vendors in order to compensate Kestra IS for its internal and external costs associated with processing securities transactions and providing other services to customers and to generate revenue. While the arrangement between NFS and Kestra IS serves as incentive to open accounts with NFS, no portion of such fees and charges are shared with our Advisors.

Our affiliated broker-dealer acts as a selling agent on a best-efforts basis in their capacity as a broker-dealer for new issues of fixed income securities that your Advisor may purchase for your account. In this regard, we rely upon our relationship with a third-party broker-dealer named Advisors Asset Management, Inc. (AAM) to complete transactions in fixed income securities your Advisor may recommend. In connection with such transactions, our affiliated broker-dealer generally receives normal and customary transaction-related compensation as a selling agent for the new issue fixed income security and we will receive advisory fees based on the value of the fixed income security in your advisory account. AAM pays Kestra IS compensation for order flow based upon the total amount of fixed income securities executed through their firm. Kestra IS receives 20 percent of the concession charged by AAM for all our clients' advisory and brokerage transactions. Similarly, Kestra IS receives up to 25bps for structured product transactions utilizing First Trust Portfolios, LP. (FTP) and AAM. These arrangements create a



conflict of interest since our affiliated broker/dealer will earn additional compensation associated with the use of our broker-dealer's, AAM's and FTP's services. Our Advisors do not receive any portion of this additional compensation, however.

Fixed income transactions may also be executed through NFS's bond platform. Kestra IS assesses a markup on the transaction, which creates an incentive for us to utilize the services of NFS's bond platform and increase compensation to our affiliate. However, our Advisors do not receive any portion of the markup.

We will allocate partially completed trades either in a pro-rata, random fill, or other method designed to treat you and all our clients fairly and equitably over time. The commissions we charge may be higher or lower than those charged by other broker-dealers.

We correct our trade errors arising from transactions in your account at our expense; however, we reserve the right to retain any gains that may arise from correcting such errors and to charge your Advisor any retail ticket charges that result from a trade correction.

Agency cross transactions take place when we cause a security to be transferred from one client account to another. Kestra AS does not allow agency cross transactions in advisory accounts. Also, we do not direct client securities transactions to obtain research or other benefits, otherwise known as "soft dollars."

We and our Advisors will aggregate orders for your account where aggregation is appropriate and practicable or will result in a more favorable overall execution for you. We will allocate such orders at the average price of the aggregated order. You will pay the same ticket charges on any aggregated orders that you would on non-aggregated orders. Aggregation does not benefit you when your account has trades in mutual funds or exchange-traded funds, and therefore we do not aggregate trades of these securities.

We effect transactions for your account through broker-dealers that refer us advisory business. The use of such broker-dealers for trades in your account creates a conflict of interest since we have an incentive to increase referrals to our company. Commissions and fees may be higher at those broker-dealers than what is charged by other broker-dealers.

Our Advisors will oversee and direct the investments of your accounts subject to the terms of your advisory agreement and any limitations you may impose on us in writing. We have an obligation to seek to obtain best execution for transactions in your account. To the extent you have imposed a limitation on brokerage selection, or have directed us or your Advisor to utilize a certain broker-dealer, we will not have the ability to negotiate commissions among various brokers or to obtain volume discounts. We also may not achieve best execution, and you may pay higher commissions and transaction costs and receive less favorable net pricing than other clients as a result.

Mutual Fund Selection

Investment advisers must act in the best interest of their clients, including the selection of appropriate mutual fund share classes, and disclose fees associated with the recommended share classes. Many mutual funds offer multiple share classes depending on certain eligibility and purchase requirements. Each class represents the same interest in the mutual fund's portfolio. The principal difference between the classes is that the mutual fund charges different fees and expenses on the various share classes based often on the amount invested. For instance, in addition to the more commonly offered retail share classes (typically, Class A, B and C shares), mutual funds may also offer institutional share classes and other share classes that are specifically designed for accounts that participate in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in an investment advisory program usually have a lower expense ratio and are less costly than other share classes. Even

with respect to a particular share class, expenses will vary by fund and by fund company. These fees and expenses negatively impact investment returns.

The brokerage or clearing platforms we utilize, such as those provided by NFS and the other custodians, and Kestra IS do not make available all mutual fund families or all share classes of all mutual funds. This means that mutual funds or share classes not available through these platforms cannot be purchased for advisory clients. Certain share classes are not eligible to be purchased in connection with an advisory relationship. Accordingly, clients may not be invested in the lowest cost share class offered by a mutual fund company. We do not allow B or C share mutual funds to be held in connection with an advisory relationship.

In an effort to ensure we recommend an appropriate mutual fund share class, we utilize a subset of the mutual fund families available through our custodians and Kestra IS. Thus, the availability of individual funds and share classes is dependent upon the agreement that the custodians have with individual fund families. Only one share class is available for each fund recommended on our platform within the fund families we utilize. These funds are chosen based on a set of criteria designed to utilize an appropriate share class for the largest segment of our clients while having consistency across our platforms. This means that the funds and share classes we recommend may not be the lowest cost share class available in the marketplace but will meet our criteria of analysis that includes cost, custodial availability, minimum investment size, and average client trade volume. Clients should not assume they are invested in the share class with the lowest possible expense ratio or cost.

Mutual funds often impose criteria that must be met in order for certain share classes to be purchased. Certain mutual funds will waive such criteria if requested by a financial intermediary, such as an investment adviser. As a general practice, the firm does not request waivers of the share class criteria set by mutual fund companies even if the prospectus for a fund states that such a waiver is possible. This means that clients generally will not receive the benefit of being able to invest in a lower cost share class that might be obtainable if the firm were to request a waiver of the criteria set by a fund company to purchase a particular share class.

The list of funds available on our platform is subject to review, and we monitor and update our funds list at least annually. You may hold mutual funds not available for purchase in our advisory accounts and those positions will be subject to advisory billing unless specifically excluded. While other mutual funds may be appropriate and meet your needs and objectives, mutual fund recommendations will be limited to those funds we have elected to make available for purchase through our firm and is available on the NFS platform. This purchase limitation extends to funds you may hold in your advisory account.

You should ask your Advisor why the particular funds or other investments that will be purchased or held in your advisory account are appropriate for you in consideration of your expected holding period, investment objective, risk tolerance, time horizon, financial condition, amount invested, trading frequency, the amount of the advisory fee charged, whether you will pay transaction charges for fund purchases and sales, whether you will pay higher internal fund expenses in lieu of transaction charges that could adversely affect long-term performance, and relevant tax considerations. Your Advisor may recommend, select, or continue to hold a fund share class that charges you higher internal expenses than other available share classes for the same fund.

Equivalent Strategy Funds

Kestra identifies mutual funds and ETFs that offer the same underlying investment strategy, even if the funds have a different fund family or fund name and limits the purchase of the more expensive option. Where mutual funds and ETFs share an equivalent strategy, Kestra restricts the purchase of the more expensive option if the difference in expense ratio is greater than 10 basis points.



Revenue Sharing to Kestra IS

Kestra IS receives servicing fees, 12b-1 distribution fees and other third-party payments if you implement our recommendations through Kestra IS. For mutual fund purchases made through Kestra IS, for the period in which you are invested in the mutual fund, Kestra IS will receive ongoing 12b-1 and service fees directly from the mutual fund company or ongoing fees from the adviser, underwriter or distributor of the mutual fund. Mutual funds with 12b-1 fees are generally more expensive than funds without such fees. There is a conflict of interest when we recommend these products or services since they result in increased compensation to our affiliated broker-dealer. To mitigate this conflict of interest, we credit back to your account an amount equal to the 12b-1 and service fees Kestra IS collects in connection with your advisory assets, except for 12b-1 fees generated through the default sweep money market mutual funds available on the NFS platform, which NFS remits to Kestra IS and Kestra IS retains. This credit is only available for accounts custodied at NFS. Other custodians available through Kestra AS, such as Schwab or TDA, retain any 12b-1 and service fees generated from the mutual fund holdings in your account.

NFS and IWS offer a no-transaction-fee (NTF) mutual fund program where the transaction charge normally charged to customers is waived for the purchase and sale of mutual funds participating in the program. Participating funds compensate NFS or IWS as applicable, which in turn compensates our affiliated broker-dealer, Kestra IS, based on the amount of assets invested in those funds. As a result, we have a conflict of interest when Advisors recommend these funds on behalf of the firm and the trade is executed through Kestra IS, because this affiliated broker-dealer will receive compensation in addition to any advisory fees you pay to us. If your Advisor normally absorbs the transaction fees for your account, the NTF program creates a conflict of interest as it results in increased compensation to your Advisor (because there are no transaction costs to be absorbed by your Advisor). NFS generally charges mutual fund companies a higher fee for NTF mutual fund share classes than for other mutual fund share classes. As a result, the mutual funds participating in the NTF program generally have higher expense ratios than similar funds not in the program. Thus over time, you typically will pay higher costs for funds in this program than you would for non-NTF funds subject to transaction charges. The higher internal expenses charged to clients who hold NTF funds will adversely affect the long-term performance of their accounts when compared to share classes of the same fund that assess lower internal expenses.

In addition, Kestra IS generally receives a higher revenue share payment from NFS for each investment in an NTF mutual fund share class than for mutual fund share classes that are not included in the NTF program. Certain fund companies with share classes in the NTF program pay a lower fee to NFS than other fund companies with share classes in the NTF program. This means that Kestra IS receives a lower revenue share payment for each investment in such companies' mutual fund share classes in the NTF program than other mutual fund share classes in the NTF program.

NFS also offers a no 12b-1 fee, no-transaction-fee (iNTF) mutual fund program where the transaction charge is waived for the purchase and sale of mutual funds participating in the iNTF program. Participating funds compensate NFS as applicable, which in turn compensates our affiliated broker-dealer, Kestra IS, based on the amount of assets invested in those funds. As a result, we have a conflict of interest when Advisors recommend these funds on behalf of the firm and the trade is executed through Kestra IS, because this affiliated broker-dealer will receive compensation in addition to any advisory fees you pay to us. If your Advisor normally absorbs the transaction fees for your account, the iNTF program creates a conflict of interest as it results in increased compensation to your Advisor (because there are no trading costs to be absorbed by the Advisor). The funds in the program also often have higher expense ratios than similar funds not in the program. Thus over time, you typically will pay higher costs for funds in this program than you would for non-iNTF funds subject to transaction charges. The higher internal expenses charged to clients who hold iNTF funds will adversely affect the long-term performance of their accounts when compared to share classes of the same fund that assess lower internal expenses.

Through the clearing agreement between Kestra IS and NFS, NFS remits a portion of the compensation it receives to Kestra IS from the mutual funds participating in the transaction fee (TF) mutual fund program



that NFS operates. This compensation increases as the amount of assets held in funds participating in the TF mutual fund program increases. As a result, we have a conflict of interest when Advisors recommend these funds on behalf of the firm and the trade is executed through Kestra IS, because this affiliated broker-dealer will receive compensation in addition to any advisory fees you pay to us.

Kestra IS offers a no-transaction-fee program where the transaction charge is waived for the purchase and sale of ETFs participating in the program (the NTF ETF program). Participating ETFs pay our affiliated broker-dealer, Kestra IS, a rate based on the amount of assets invested in those funds and net expense ratio of the funds. As a result, we have a conflict of interest when our Advisors recommend these funds on behalf of the firm and the trade is executed through Kestra IS, because our affiliated broker-dealer will receive compensation in addition to any advisory fees you pay to us. If your Advisor normally absorbs the transaction fees for your account, the NTF ETF program creates a conflict of interest as it results in increased compensation to your Advisor (because there are no trading costs to be absorbed by the Advisor.)

Kestra IS sponsors a Free Ticket Program through which it provides customers the opportunity to purchase or exchange select mutual funds and ETFs at no cost to the Advisor or customer. Kestra IS is able to provide the Free Ticket Program because certain fund families have agreed to reimburse Kestra IS, for the trading costs associated with their funds. Kestra IS supports the trade costs for certain fund companies in the program, which incentivizes us to recommend fund companies for whom trade costs are not supported by Kestra IS. These Free Ticket Funds can be purchased and exchanged at NFS without trading fees paid by our Advisors and their clients. However, there are trading fees charged on the sale of these funds. Some participants of the Free Ticket Program may also be Select Providers.

Some mutual fund families offer share classes of funds, including funds with share classes that are available in the NFS programs discussed above, that do not make payments to NFS. As a result, Kestra IS does not receive revenue-sharing payments derived from investments or holdings in these fund families, which creates a conflict of interest as we are incentivized to recommend fund families that pay revenue-sharing to Kestra IS. When funds do not make payments to NFS for NFS to share with Kestra IS in the form of revenue sharing, they generally have lower fund expenses and will cost clients less money over longer holding periods than funds with share classes that make these payments. As noted, mutual funds sponsored by Fidelity Investments, which is an affiliate of NFS, do not make revenue sharing payments to NFS.

While there are no transaction costs associated with the purchase or exchange of the mutual funds and ETFs purchased through the NTF, iNTF, NTF ETF, or Free Ticket Programs, they often are more expensive (due to having higher operating expenses) over time compared to other share classes of these funds, or similar mutual funds or ETFs that have transaction fees. Higher operating expenses erode overall returns. The revenue sharing arrangements between NFS and Kestra IS create a conflict of interest for the firm when it recommends mutual funds to clients that are purchased through Kestra IS as they result in increased compensation to our affiliated broker-dealer, Kestra IS, and to your Advisor to the extent your Advisor would normally absorb any trading costs. The firm has an incentive to recommend the mutual funds and mutual fund share classes for which NFS pays revenue (or more revenue) to Kestra IS over mutual funds and mutual fund share classes for which NFS does not pay revenue (or pays less revenue) to Kestra IS, even if these mutual fund share classes are more expensive for clients. Your Advisor does not receive any portion of the fees paid to Kestra IS through the NTF, iNTF, NTF ETF, TF, or Free Ticket programs. You should discuss the details of these costs with your Advisor or contact our Chief Compliance Officer for additional information.

The firm has a conflict of interest in connection with the revenue sharing Kestra IS receives from NFS because the firm recommends that clients use Kestra IS as an introducing broker dealer and Kestra IS earns revenue, including the revenue sharing payments it receives from NFS, for acting in that capacity. In addition, when the rate or amount of the revenue sharing payment is based on maintaining or

increasing asset thresholds, there is an incentive to make recommendations to you that will help meet those thresholds.

These conflicts are mitigated in several ways. Neither the firm nor the Advisors receive (i) any of the revenue that NFS pays to Kestra IS, or (ii) any more or less compensation based on what mutual funds or mutual fund share classes are held in a client's account. Additionally, as noted above, Kestra IS makes only one share class of a mutual fund available for purchase and cost is one of the factors Kestra IS considers in deciding what share classes to offer. If a more favorable share class for a particular mutual fund becomes available that meets the criteria utilized by Kestra IS (as determined by Kestra IS in its sole discretion), Kestra IS may make such share class available, and if it does it will convert any holders of such mutual fund to the more favorable share class.

The substantial economic benefits that Kestra IS receives from NFS based on assets invested by firm clients provides an incentive, and therefore creates a conflict of interest, for the firm to utilize NFS as a custodian and to recommend that firm clients use NFS as the custodian.

Asset Based Pricing for Certain Investment Advisory Programs
For the assets in certain investment advisory programs, such as separately managed account programs, unified managed account programs, fund strategist portfolios and third-party asset management programs, Kestra IS pays a recurring fee to NFS based on a percentage of the aggregate assets invested by advisory clients, excluding certain investments, such as those in NTF and iNTF mutual fund share classes, Fidelity funds, cash and cash equivalents. This creates conflicts of interest for the firm as it has an incentive to recommend mutual fund share classes that are excluded from the calculation of the fee Kestra IS pays to NFS, even if such investments are more expensive for clients. The firm also has an incentive to maintain client assets in cash or cash equivalents.

When the assets for these investment advisory programs in Kestra IS accounts that are custodied at NFS reach certain thresholds, the percentage used to calculate Kestra IS's fee to NFS decreases. Similarly, where Advisor ticket charges are in place, Kestra IS receives volume ticket discounts if certain targets are met. This creates an incentive for the firm to recommend advisory clients use NFS as a custodian over other custodians and to recommend that you increase the amount you have invested in your advisory account.

When the assets for these investment advisory programs in a client's account custodied at NFS through Kestra IS are less than a minimum amount established by NFS (other than for "rep as pm" ticket programs), NFS charges Kestra IS a minimum fee for such account. This creates an incentive for the firm to recommend that such an advisory client increase the amount invested in the client's account.

The above conflicts are mitigated in several ways. Neither the firm nor the Advisors receive (i) any benefit if Kestra IS pays lower fees to NFS or (ii) any more or less compensation based on what securities are purchased or held by clients. Additionally, as noted above, Kestra IS makes only one share class of a mutual fund available for purchase and cost is one of the factors Kestra IS considers in deciding what share classes to offer. If a more favorable share class for a particular mutual fund becomes available that meets the criteria utilized by Kestra IS (as determined by Kestra IS in its sole discretion), Kestra IS may make such share class available, and if it does it will convert any holders of such mutual fund to the more favorable share class.

Sweep Account Options for Kestra IS Brokerage Account
Kestra IS provides a "cash sweep" program to its brokerage customers so that uninvested cash balances (such as from securities transactions, dividends, interest payments, or deposits) in a customer's brokerage account are deposited into a selected investment option each business day. Generally, sweep account investment vehicles generate lower yields than cash alternatives available outside of the sweep program. Kestra IS selects the cash sweep investment options available to be selected for customers'



brokerage accounts. Please review the brokerage account agreement, as well as the other account opening documents for information about the cash sweep program. You should also refer to the prospectus (or other disclosure document) for the brokerage account's sweep vehicle which will be provided to you and is also available upon request.

When you establish a brokerage account with Kestra IS custodied at NFS, you are required to select a bank sweep option or money market mutual fund in which the cash in your brokerage account will be held. The sweep account options are features of your brokerage account you have with Kestra IS and the firm plays no role with respect to the sweep account program. The firm does not provide investment advice or any other service with respect to the sweep account program or the options available thereunder. All service with respect to the sweep account program is provided solely by Kestra IS. Your Advisor is acting solely as a registered representative of Kestra IS when they provide service with respect to the sweep account program and the options thereunder.

The firm has a conflict of interest in connection with Kestra IS's sweep account program because the firm recommends that clients use Kestra IS as an introducing broker-dealer and Kestra IS earns revenue, including revenue from its cash sweep account program, for acting in that capacity. This revenue to Kestra IS, which is in addition to the investment advisory fees paid to the firm, creates an incentive for the firm to recommend the use of Kestra IS as an introducing broker-dealer.

FDIC Insured Bank Account Option
The FDIC bank deposit sweep account option is the default option for cash contributed to non-entity (individual) accounts and Kestra IS receives more from NFS for assets held in that sweep account option than it does for assets placed in a money market fund. This creates a conflict of interest as the default sweep account option is the one that results in more revenue being paid to Kestra IS. In a low interest rate environment, Kestra IS receives a higher amount than customers on funds invested in the bank sweep arrangement. Entities are not eligible to participate in the bank deposit sweep option. The bank sweep account has a yield that varies based on prevailing interest rates. Kestra IS has the ability to dictate what portion of the yield (interest rate paid) on the bank sweep accounts it will retain. Kestra IS's ability to adjust the yield creates a conflict of interest for Kestra IS since the lower the portion of the yield paid to you, the more Kestra IS earns. While Kestra IS has an incentive for its brokerage customers to select the bank sweep arrangement as the cash sweep option for their accounts, the Advisors do not receive any portion of the bank sweep compensation paid to Kestra IS. In addition, the Advisors do not receive any more or less compensation based on what cash sweep option is selected by a client.

In low-interest rate environments, the application of the investment advisory fee to the funds invested through the bank sweep arrangement will exceed the return on the sweep vehicle, resulting in a negative net yield. Clients should consider this scenario, in addition to the compensation Kestra IS receives in connection with the bank sweep arrangement, when evaluating the reasonableness of the investment advisory fee. The interest rate payable on the bank deposit sweep arrangement generally is lower than what is available directly from a bank.

Money Market Fund Options
In addition to the bank sweep deposit option, Kestra IS makes available a limited number of money market funds that you may elect to have serve as the cash sweep vehicle for your brokerage account. Pursuant to Kestra IS's clearing agreement with NFS, NFS remits to Kestra IS the amount of 12b-1 fees and shareholding servicing fees for money market mutual funds affiliated with or specified by NFS in amounts set forth in the prospectus, plus ten basis points of the amount invested in such funds. The higher the 12b-1 fees paid by the money market mutual fund, the lower the yield on cash in your brokerage account. This revenue sharing creates a conflict of interest on the part of Kestra IS as the increased revenue generated from the money market funds is paid to Kestra IS. Because Kestra IS receives and retains these amounts, it has an incentive to recommend as the sweep option money market funds that pay 12b-1



fees, which in turn will negatively impact the amount you earn on cash in your account. Our Advisors do not receive any portion of the money market compensation paid to Kestra IS.

Kestra IS does not make available share classes of the sweep money market funds that do not pay 12b-1 fees; however, you may purchase money market funds in addition to the ones that are part of the cash sweep program, including funds that do not pay 12b-1 fees, and move your cash from the money market fund or bank deposit account that serves as your cash sweep vehicle into such other funds. While you are not obligated to maintain your cash in the core sweep money market fund or bank deposit sweep account that are part of the cash sweep program, cash in your brokerage account is placed in the sweep option you select or by default and will remain in that sweep option until the funds are invested elsewhere or you withdraw the cash from your account.

Margin
Kestra IS is credited the interest assessed on margin accounts by NFS above the prime lending rate plus 100 basis points. This credit creates a conflict of interest since our affiliated broker- dealer receives additional compensation on margin accounts custodied at NFS in addition to the advisory fees we collect, which provides an incentive to place business with that custodian and to recommend that clients use margin in the accounts we manage or advise on.

Fully Paid Lending Program
NFS operates a program known as the Fully Paid Lending Program (the "FPL Program"). The FPL Program enables you to lend fully-paid or excess-margin securities to NFS. In exchange, NFS will pay you a securities lending fee, calculated based on the market value of the securities loaned and will pay Kestra IS a fee. The amount of the fee NFS agrees to pay Kestra IS reduces the fee NFS pays to participating clients. Although the fee Kestra IS receives is not shared with our Advisors, we have an incentive to recommend clients participate in the FPL Program since our affiliate will receive compensation, which is a conflict of interest.

Securities Backed Lines of Credit
Kestra IS has entered into a securities backed lending (SBLOC) program with The Bancorp Bank, Tristate Capital Bank, and Goldman Sachs Private Bank Select. This program allows clients to use their securities as collateral in order to obtain a line of credit. In consideration for marketing of their SBLOC programs, the Bancorp Bank, Tristate Capital Bank, and Goldman Sachs Private Bank Select pay Kestra IS quarterly revenue sharing payments up to 50 bps based on the average daily outstanding loan balance (total loan amount) of the SBLOC. Additional details are available regarding this calculation upon request. Such providers also pay us or our affiliate fixed fees of up to $85,000 annually to support and participate in various conferences and seminars conducted by us and our affiliates.

Item 13: Review of Accounts

Our Advisors will typically meet with you at least annually, to review the performance of your account, any changes to your financial situation, and investment goals and objectives. We also require you, in our standard client agreement, to inform your Advisor promptly of any changes to your information or circumstances, including changes to your financial condition or investment objectives. Our Advisors and our home office personnel are typically available during normal business hours to answer questions or concerns you may have.

Item 14: Client Referrals and Other Compensation

We compensate various affiliated and unaffiliated third parties called "referrers" to refer us clients and prospects they believe would benefit from our investment advisory services. Any such arrangements will be designed to comply with the Advisers Act, which requires, among other things, that you receive this

brochure, we have an agreement with the referrer, and that you receive a compensation disclosure detailing the amount we will pay the referrer that referred you.

We may also enter into arrangements wherein we and our Advisors refer you to affiliated and unaffiliated investment advisers that will provide advisory services to you. When we make such a referral, we and our Advisor will typically receive a portion of the total fee the investment adviser charges you for as long as they provide you services. Any such arrangements will be designed to comply with the Advisers Act.

We have arrangements with various third-party managers or service providers that our Advisors may refer you to. We receive compensation from these managers or service providers to support conferences, training, marketing efforts, staffing, ongoing education of Advisors and the marketing efforts we perform on their behalf. These fees are negotiable and range up to $820,000 or up to 0.10 percent of the assets under management or new sales. In addition, we receive compensation from various third-party managers or service providers based upon a percentage of our client assets under their management. Such compensation ranges up to 0.05 percent of the assets under management.

The third-party managers or service providers with which we currently have such arrangements are: AssetMark, SEI Investments Management Corporation (“SEI”), Brinker Capital, Buckingham Strategic Partners, City National Rochdale, Symmetry Partners, Horizon Investments, BNY Mellon. These relationships and the compensation we receive create a conflict of interest because we have an incentive to recommend the services of these third-party managers versus other third-party managers. Although they benefit from the conferences, training and other services supported by these third-party managers, our Advisors do not receive any monetary compensation associated with these arrangements.

In addition, Buckingham Strategic Partners offers all Advisors with assets on their platform a basic subscription to MoneyGuidePro at no cost to the Advisor. Additionally, Advisors can pay $660 to receive an upgraded version of MoneyGuidePro with Buckingham Strategic Partners’ data integrated into the software. Those Advisors who place at least $10MM on Buckingham Strategic Partners’ platform receive the upgrade at no cost. This arrangement creates a conflict of interest because it incentivizes an Advisor to place business with Buckingham Strategic Partners in exchange for software access.

Our Chief Compliance Officer is available to address any questions that a client or prospective client may have regarding our services, compensation or conflicts of interest.

We or our affiliated broker-dealer make available hundreds of different mutual fund and variable insurance products to our representatives and customers. We also make available many retirement vehicles such as 401(k) and group annuity products, as well as alternative investment products such as limited partnerships, real estate investment trusts, and hedge fund products. Our Advisors are free to choose what products they sell to customers from among these many products. Because of the numerous investment and insurance alternatives available, we and our affiliates focus on the sale of products of a select number of providers ("Select Providers"). Select Providers are given increased access to our Advisors for the purpose of providing marketing, education, and product support.

We or our affiliated broker-dealer receive both financial and non-financial support from certain mutual fund, insurance and other companies or their affiliates based upon the sale of such companies’ products. We or our affiliate receive more compensation for the sale of products of Select Providers than for the products of other providers we sell and thus have a financial incentive to sell the products of Select Providers. The amounts and forms of compensation we or our affiliate receive from Select Providers vary based on a number of factors including level of past sales, prospective future sales, and the types of service and access to distribution we provide.

We or our affiliate receive one or more of the forms of compensation described below in connection with our arrangements with each Select Provider. These payments are made from the resources of the



investment adviser or distributor (or one of their affiliates) in the case of mutual fund Select Providers, and from the resources of the insurance company (or its affiliate) in the case of variable annuities, group annuities, and variable life products. These payments are in addition to the sales charges, service fees, redemption fees, deferred sales charges and other fees and charges described in the prospectus fee tables or offering documents of the various products.

The select provider payments listed below are as of the date of this filing and subject to change. These relationships create a conflict of interest as they result in increased compensation to us, your Advisor or our affiliates.

Please visit our website **https://www.kestrafinancial.com/disclosures/company-information** more information regarding the companies and amounts and types of compensation we receive. If you do not have access to our website, you may contact your Advisor or our home office for additional information.

Mutual Funds, ETFs, and UITs
Select Providers of mutual funds and ETFs pay us or our affiliated broker-dealer either an amount of up to 0.05% on AUM for products attributable to us, or fixed fees of up to $525,000 annually. Our affiliated broker-dealer also receives up to 0.07% on AUM of ETFs participating in the Kestra NTF ETF Program and up to $17,500 through the Kestra Mutual Fund Fee Ticket Program as described in the BROKERAGE PRACTICES section of this brochure. We also receive fixed fees of up to $80,000 annually to support and participate in various conferences and seminars conducted by us and our affiliates.

Variable Insurance Products – Variable Annuities and Variable Life Insurance
Select providers of variable insurance pay our affiliate, Kestra IS, an amount up to .25% of the amount of our new sales of their variable annuity products quarterly. Select providers of variable life insurance products also pay our affiliate, Kestra IS, or their affiliated insurance agencies wholesale overrides in an amount up to approximately 31% of first year target premium and an amount up to approximately 4% of any renewal premiums of their variable life products. These providers will also pay our affiliate, Kestra IS, fixed fees of up to $75,000 annually to support various workshops and meetings, to support development of account management tools and other technology and to support due diligence efforts conducted by us and our affiliates. In the case of variable life insurance products, Select Providers provide a variety of policy and underwriting support services to Kestra IS, our affiliate and our Advisors. Kestra IS may pay our Advisors a higher percentage of compensation for sales of Select Provider variable life insurance products than for other such products we sell.

Kestra IS provides a higher compensation schedule for the sale of variable life insurance products to members of PartnersFinancial than to non-members. Members of PartnersFinancial are also eligible to receive bonus payments from PartnersFinancial for the sale of these products. Please ask your Advisor or contact our offices if you are unsure whether your Advisor is a member of PartnersFinancial.

Equity and Fixed Indexed Annuities
Select providers of equity and fixed indexed annuities pay us or our affiliate an amount of up to 0.15% based on gross new sales volume. Such providers also pay us or our affiliate fixed fees of up to $75,000 annually to support and participate in various conferences and seminars conducted by us and our affiliates.

Retirement Products
Select Providers of 401(k), group annuity and other retirement products pay fixed fees for the benefit of Kestra AS or its affiliates up to $125,000 annually to support and participate in conferences and seminars.

Alternative Investments
Select Providers of alternative investment products, including limited partnership, real estate investment trust (REIT), and hedge fund products, pay us or our affiliate an amount of up to 1.00% of new



investments in such products. In addition, such providers pay us or our affiliate fixed fees of up to $75,000 annually to support and participate in conferences and seminars. Select Providers of alternative investment products also pay us or our affiliates an initial fee of up to $5,000 and an annual fee of up to $1,500 to support the due diligence efforts of Kestra IS and its affiliates related to such products and providers.

Fixed Income
Advisors Asset Management, Inc. (AAM) is a Select Provider for fixed income securities transactions, including Unit Investment Trusts (UITs) and structure products. First Trust Portfolios, LP (FTP) is a Select Provider for UITs and structured product transactions. The **BROKERAGE PRACTICES** section of this brochure details our broker-dealer affiliate's compensation arrangement with AAM and FTP.

Deposit Products
We have a relationship with Goldman Sachs that allows our Advisors to make available non-securities deposit products and services, including a high-yield savings account. We or an affiliated company receive a fee in connection with each account opened through this program. The fee ranges from 15 bps to 37.5 bps and is based on the Target Federal Funds Rate. Although the fee is not shared with our Advisors, we have an incentive to recommend clients open accounts with Goldman Sachs since we or our affiliate will receive compensation, which is a conflict of interest.

Investment Banker Referral
Through our affiliated broker-dealer's relationship with Foro Capital Markets, our Advisors may refer clients to Foro Capital, which has a network of investment bankers that may assist clients with potential mergers, acquisitions or financing arrangements. This relationship allows our Advisors to support their business owner clients considering the sale of a business, as well as options available for raising capital. Neither we, our Advisors or affiliates are involved in brokering the purchase or sale of client businesses or raising capital for such businesses. However, to the extent a client utilizes an investment banker introduced by Foro Capital, Foro Capital will receive a referral fee from the investment banker, a portion of which Foro Capital will pay our affiliated broker-dealer and we in turn share with our Advisor. As such, we and our Advisor have a financial incentive to recommend the use of Foro Capital to source investment bankers, which is a conflict of interest.

We or our affiliated broker-dealer generally charge a non-refundable due diligence fee to third-party managers or product sponsors considered for inclusion in our investment platforms available to Advisors. We do not share these fees with our Advisors. Paying such a fee does not guarantee acceptance on any of our platforms or access to our Advisors. Initial fees charged may be up to $5,000, depending on the complexity of the manager and the resources we need to perform the due diligence. Thereafter, the due diligence fee is typically $1,500 annually but may be more or less than this amount based upon the third-party manager or product sponsor and the nature of the product or services. We may waive these fees.

We have entered, through our affiliated broker-dealer, into a custodial support services agreement with NFS and Fidelity Brokerage Services, LLC in connection with our participation in their Fidelity Institutional Wealth Services (IWS) platform. We provide back-office, administrative, custodial support and clerical services in connection with your accounts on the IWS platform. For these services, we receive an amount of up to 0.28 percent of our client assets on the IWS platform.

To the extent we utilize the services of other broker-dealers and custodians to execute or assist us in filling customer trade orders, we generally receive compensation from such broker-dealers in connection with the trades. In addition, we may receive execution price discounts and other compensation from these custodians and broker-dealers.

In order to help cover or defray the costs of transitioning from another investment adviser to Kestra AS, our Advisors receive various forms and amounts of transition assistance. Such transition assistance may

include loans, rent, technology services and equipment, legal expenses, administrative support, termination fees associated with moving accounts and regulatory services, payments based on production, reimbursement of fees, free or reduced-cost marketing materials, attendance at conferences and events, and access to preferred pricing.

We may vary the amount of the loan to Advisors based on the type of business conducted. For example, Kestra provides a higher loan amount for advisory business on the AdvisorEnterprise platform compared to non-AdvisorEnterprise business or broker-dealer or commission business. The payment of a higher loan amount for advisory business on the AdvisorEnterprise platform creates a conflict of interest as your Advisor has an incentive to recommend you open and maintain accounts on the AdvisorEnterprise platform instead of brokerage or non-AdvisorEnterprise options.

We receive compensation from our custodian to offset the cost of transitioning assets from direct mutual fund providers. NFS will pay Kestra IS a portion of the fees and costs which customers incur from other clearing providers or otherwise in connection with the transfer of eligible accounts. This compensation is not shared with our clients or our advisors, however the compensation serves an incentive to recommend clients transfer their accounts to NFS, which is a conflict of interest.

NFS will also pay Kestra IS an annual net flows credit on eligible assets transferred onto the NFS platform. This revenue is not shared uniformly with our advisors, but to the extent it is shared, the conflict of interest to refer assets to NFS is also shared with our Advisors.

We make loans to Advisors which may be forgivable based on years of service with Kestra AS or its affiliates, assets under management, the amount of production with us or our affiliates or some combination of these factors. This practice creates a conflict of interest since the Advisor has a financial incentive to recommend a client engage Kestra AS for advisory services, engage Kestra IS for brokerage services, and to recommend additional products and services in order for their loan to be forgiven.

Vendors may also elect to pay the travel expenses of Advisors for whom the vendors provide either education or due diligence trips or to provide meals or invite Advisors to events such as sporting events. This compensation all serves as an incentive to recommend the products and services of those vendors from whom they receive such marketing reimbursements. Advisors are limited to $100 for the receipt or provision of gifts per person per year.

Item 15: Custody

We and our Advisors do not hold or maintain your assets. Third-party qualified custodians hold and maintain your assets, and those custodians provide account statements directly to you at your address of record at least quarterly. We urge you to compare the account statements you receive from your account custodian with any performance report or statements we, our service providers, or our Advisors may create for you and to contact us with any questions.

Though we do not maintain custody of client accounts, we do have custody over certain assets of clients as defined under the Advisers Act. For example, some of our Advisors act as a trustee for a trust account of a client or we may take possession of physical security certificates and forward them to your account custodian as an accommodation.

Item 16: Investment Discretion

Unless we grant specific authority and approval to your Advisor, your Advisor is typically not granted absolute trading discretion on your Advisor Managed Accounts. Absolute trading discretion means placing a trade in your account without your prior approval. However, we may rebalance or reallocate your Advisor Managed Account in order to re-establish the targeted percentages of your initial asset

allocation. This rebalancing or reallocation will occur on an intermittent or periodic basis, upon your request, in response to a market event or on a specific date, like after a quarter-end review. You will be responsible for any and all taxes resulting from rebalancing or reallocation of your account.

In addition, if you access our Wrap Fee Programs, you are required to grant us and our service providers discretionary trading authority in order for the applicable third-party advisers to manage your account. Please see our Wrap Fee Brochure for more details.

Item 17: Voting Client Securities

We do not, nor do our Advisors, vote proxies for clients.

Item 18: Financial Information

We do not have any financial condition likely to impair us from meeting our contractual commitments to you.

Item 19: Miscellaneous

Termination of Accounts
Typically, both you and our company have the option under our standard agreements to terminate the agreement at any time. In addition, you have the right to terminate the contract without penalty within five (5) business days after entering into the contract. If you pay a fee in advance, fees will be pro-rated from the termination date and refunded to you.

Compliance Policies and Procedures
We maintain written compliance policies and procedures as required by the Advisers Act.

Anti-money Laundering Program
We maintain an anti-money laundering program in accordance with applicable regulations.

Business Continuity Plan
We maintain a business continuity plan designed to minimize the impact of disasters, emergencies and other unforeseen circumstances on our services and communications. A description of our Business Continuity Plan is available on our website at **https://www.kestrafinancial.com/disclosures/company-information**, or by contacting your Advisor or our home office.