



Legend Advisory, LLC  
Investment Advisory Disclosure Brochure

**As of March 29, 2018**

Principal Office:

4600 East Park Drive, Suite 300  
Palm Beach Gardens, FL 33410  
866.774.8671

You may also visit us on the web at [www.legendadvisory.com](http://www.legendadvisory.com).

This Brochure provides information about the qualifications and business practices of Legend Advisory, LLC, a registered investment adviser with the U.S. Securities and Exchange Commission (SEC). If you have any questions about the contents of this Brochure, please contact us at (866) 774-8671. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. Furthermore, registration with the SEC does not imply a certain level of skill or training.

Additional information about Legend Advisory, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

*This section provides us the opportunity to highlight for you the material changes in our investment advisory services and operations since our last Form ADV 2A annual amendment in March 2017. This information is being provided so that you can continue to make informed decisions about your investments with Legend Advisory, LLC.*

### **Material Changes to Item 4, *Advisory Business***

Adaptive Intelligence Models (AIM) and Advisor Custom Portfolios (ACP). In October 2017, Legend Advisory added two new investment advisory services on the Pershing platform. The Adaptive Intelligence Models (AIM) is a Legend Advisory Managed Portfolio designed to meet a specific discipline and risk level managed by Legend Advisory. The Advisor Custom Portfolio (ACP) is an Advisor Managed offering to assist clients in the construction of an investment portfolio based on the financial situation, risk tolerance, and investment objective of the client.

### **Material Changes to Item 5, *Fees and Compensation***

#### Understanding Share Classes in Legend Advisory Accounts

12b-1 Fees. An expense within some mutual fund share class offerings is a Mutual Fund Distribution Fee, also called a 12b-1 Fee, which is paid to Lincoln Investment, Legend Advisory's broker-dealer affiliate. For assets held on the Pershing LLC platform, the amount of the 12b-1 fee received by Lincoln Investment will be refunded directly to your Pershing account. You may still incur a 12b-1 fee expense for any portion of the 12b-1 fee not paid to Lincoln Investment. The refunding of 12b-1 fees will alleviate the potential conflict of interest associated with Legend Advisory's affiliate receiving this third party compensation and will also reduce the expense to you associated with purchasing a mutual fund share class which includes a 12b-1 fee expense.

Mutual funds have multiple share classes. The expense ratio of a fund is disclosed in the fund's prospectus and annual reports and generally reflects the annual operating costs of the fund, assessed as a percentage of a fund's average assets. The expense ratio within a mutual fund share class can fluctuate from what is shown in a prospectus for the fund offering and annual report and can vary over time and from year to year. A fund that was deemed to have a lower expense ratio at the time of purchase may not actually maintain that expense ratio during the time that the fund is held and new fund share classes may become available with different expense ratios.

Share class selection for your advisory accounts will be based on a range of factors. Legend Advisory does not make all share classes available to your advisory accounts. While Legend Advisory will generally seek to designate a single share class of a mutual fund for purchase in your advisory accounts, designated share classes will likely vary among custodial platforms and more than one share class can be purchased and held in advisory accounts. Factors we consider in share class selection, include, but are not limited to, the net expense ratio of the share classes, an expense tracking error of ten basis points (0.10 %) based on the prospectus net expense ratio as provided by Morningstar, prospectus 12b-1 distribution fee as provided by Morningstar, whether a portfolio is a discretionary managed portfolio or a non-discretionary managed portfolio, the availability of share classes on various custodial platforms, whether particular share classes are subject to transaction fees ("TF") or do not have transaction fees ("NTF"), operational considerations such as share class consistency within a fund family on a particular custodial platform (as described below), the availability of account minimum waivers, tax and other circumstances

that are unique to particular clients. Expense tracking error refers to an acceptable margin that Legend Advisory considers when comparing share class costs since share class expense ratios can fluctuate over time. Share class consistency refers to the objective of utilizing the same share class for all or a majority of the mutual funds within a fund family on a particular custodial platform to support consistency and efficiency. This objective may not always be achieved and more than one share class could be purchased and held. Generally, Legend Advisory will only consider a share class for share class consistency if the differential between the share classes being considered is ten basis points (0.10%) or less based on the prospectus net expense ratio as provided by Morningstar, taking into account the prospectus 12b-1 distribution fee as provided by Morningstar. If not within this range, then multiple share classes of a fund family could be available on a custodial platform.

Generally, only NTF funds will be available for new fund purchases in your advisory accounts. However, TF funds will be purchased if the NTF fund in the same mutual fund is not available on the applicable custody platform, subject to the purchase being eligible for investment minimums or investment waivers. A fund share class on one custodian's platform may be an NTF fund while on a different custodian's platform may be a TF fund, or vice versa. The expense ratio for TF funds will generally be lower than that for NTF funds, but the purchase and sale of TF funds is subject to additional transaction fees and other charges that increase the cost of investment. Trading in TF funds can increase cost to both the client and/or the firm depending on the level of trading in the account. Legend Advisory and its Advisors are not under an obligation to pay the transaction fees and other charges associated with investments in TF funds on your behalf, unless you are in a Wrap Fee Program. However, if Legend Advisory does assume these costs, then it has a financial incentive to select NTF funds in its Wrap Fee programs to avoid paying or to lower mutual fund transaction charges. This creates a conflict of interest for Legend Advisory to select a NTF mutual fund in a Wrap Fee program because Legend Advisory would incur less expense and generate more revenue than if Legend Advisory selected a TF fund. When selecting a share class of a mutual fund for its platform and when recommending a mutual fund to you, Legend Advisory and your Advisor have a conflict of interest because the selection or recommendation of a more expensive share class results in greater net after cost compensation to Legend Advisory. The use of NTF funds can serve to minimize the potential for an overall increase in advisory fees charged to clients. If Legend Advisory or your Advisor were to incur transaction fees, Legend Advisory and/or your Advisor would likely charge higher advisory fees or increase other charges to clients for the services provided.

Legend Advisory and your Advisor can purchase, hold, and recommend mutual fund investments in share classes in your advisory accounts that are not the lowest cost share class. You should not assume that you are invested in the lowest cost share class, and the share class of a mutual fund offered by Legend Advisory can have higher expenses and therefore lower returns, which could impact performance over time, than other share classes of that mutual fund for which you are eligible or that may otherwise be available to you if you invested in the mutual fund through a third party or through the mutual fund directly. Other financial services firms may offer the same mutual fund at a lower overall cost to the investor than is available through your account.

Legend Advisory may, in its discretion, determine to convert your mutual fund positions held in one share class to a different share class. Such share class conversions will occur as deemed appropriate by Legend Advisory and will be reflected on your account statement. Legend Advisory will consider various factors when considering share class conversions in your advisory accounts, including but not limited to, the net expense ratio of the share classes, whether your account is subject to taxation, the difference in the expense ratio between share classes and whether the difference exceeds an expense tracking error of ten basis points (0.10%) based on the prospectus net expense ratio as provided by Morningstar, the

prospectus 12b-1 distribution fee as provided by Morningstar, operational considerations such as share class consistency, your investment preferences and the amount of potential taxable gains or losses to which you could be subject. The ability and length of time to effect a share class conversion will vary by custodial platform and is subject to prospectus requirements and custodial platform approval. Legend Advisory will periodically compare the share classes of your funds with the share classes offered by the fund and available to the firm and your account. If, as a result of such review, the Firm initiates a share class conversion, the new share class will appear on your account statement. Legend Advisory will not consider converting your mutual fund position held in a lower expense share class of the same fund to a more expensive share class of the same fund unless the difference between the lower expense share class and the more expensive share class is less than or equal to the expense tracking error of ten basis points (0.10%) based on the prospectus net expense ratio as provided by Morningstar, taking into account the prospectus 12b-1 distribution fee as provided by Morningstar. Through the conversion process, you should not assume that you are or will be invested in the lowest expense share class, and the share class of a mutual fund offered by Legend Advisory can have higher expenses, and therefore lower returns, which can impact performance over time, than other share classes of that mutual fund for which you are eligible or that may otherwise be available to you if you invested in the mutual fund through a third party or through the mutual fund directly.

We are currently implementing the mutual fund share class selection process described above for new funds that are added to our advisory platforms. We are simultaneously reviewing existing positions to apply these mutual fund share class selection and conversion factors to current fund holdings. This review process is ongoing and is expected to be completed by September 2018. Third-party investment managers that provide model portfolios or manage client accounts on a discretionary basis will follow their own share class selection practices.

When determining the reasonableness of any fees and expenses you agree to pay to Legend Advisory, you should consider both the fees and expenses that Legend Advisory charges to your account for its services and those of your Advisor, as well as any indirect fees and expenses that you pay in connection with any investment in share classes of mutual funds that bear expenses greater than other share classes for which are otherwise eligible. Information about the mutual funds and share classes that are available through your account, including their investment policies, restrictions, charges, and expenses, is contained in the mutual funds' prospectuses. You should read these prospectuses carefully. Please contact your Advisor for additional information on share class selection practices and related fees and expenses.

#### Other Compensation

For advisory accounts introduced to Pershing LLC, Pershing shares revenue with Lincoln Investment, as introducing broker-dealer, an affiliate of Legend Advisory, LLC, based on total assets and total investor accounts of Legend Advisory held at Pershing ("Other Fees") pursuant to a written agreement with Pershing, LLC. This revenue is not shared with your Advisors. Lincoln Investment also receives revenue derived from money market fund distribution assistance associated with Legend Advisory accounts maintained at Pershing. This revenue is not shared with your Advisors. The receipt of the Other Fees and money market distribution assistance revenue by our affiliate, Lincoln Investment, creates a conflict of interest to Legend Advisory to use Pershing as a custodian over other custodians that do not share revenue with Lincoln Investment. We do not believe these conflicts are material to Legend Advisory or its affiliate, Lincoln Investment. The receipt of this revenue by Lincoln Investment as allocated to Legend Advisory represented approximately 1.3% of Legend Advisory's 2017 total revenue. This revenue was not shared with Advisors.

### **Material Changes to Item 15, *Custody***

**Custody Audit of Legend.** On May 8, 2017, Deloitte & Touche LLP issued its opinion based on a Custody Audit of Legend Advisory stating that Legend Advisory was in compliance with the Custody Rules under the Investment Advisers Act of 1940 as of September 30, 2016, and had complied with Rule 204-2(b) for the period from January 1, 2016 through September 30, 2016 in all material respects except that Legend Advisory did not promptly transmit customer funds received into customer accounts within its prescribed time frame for processing funds. This exception was corrected as of December 1, 2016.

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Brochure Supplement(s) Included:

- Legend Advisory Wrap Fee Program Brochure (Form ADV Part 2A Appendix I)
- Investment Management & Research (IM&R) Team Brochure Supplement (Form ADV Part 2B)

## **Item 4 - Advisory Business**

*This section describes our firm, the advisory services we offer, how we tailor your portfolio to your individual needs, which of our advisory services allows you to impose investment restrictions, and the total amount of assets we manage.*

### **Our Firm**

**Who we are...** Legend Advisory, LLC (Legend Advisory) is a registered investment adviser. We are not affiliated with any company that issues or sponsors securities or insurance products and, therefore, provide independent and objective investment advice when making recommendations to you. There is, of course, always the potential for financial conflicts of interest, which are described in this brochure.

Legend Advisory offers investment advisory services through a network of investment adviser representatives (Advisors) located throughout the United States. Advisors of Legend Advisory are not employees of Legend Advisory but independent contractors, contracted to offer and perform services for Legend Advisory. Legend Advisory has been actively managing investment portfolios since 1978, providing investors with access to proactive money management strategies that reflect a wide spectrum of investment objectives. Legend Advisory's history is rooted in the development of services for the retirement plan marketplace.

Our firm is a wholly-owned subsidiary of Legend Group Holdings, LLC, which was acquired on January 1, 2017 by Lincoln Investment Capital Holdings, LLC. Legend Advisory is now affiliated with two other financial services firms, including Lincoln Investment Planning, LLC, a full-service independent broker-dealer and registered investment adviser that has also been serving the retirement plan marketplace for over 40 years, and Capital Analysts, LLC, a registered investment adviser. Advisors of Legend Advisory are also registered representatives with Lincoln Investment and may be dually registered to offer the advisory services of Lincoln Investment and Capital Analysts, LLC. All three affiliated companies are referred to as The Lincoln Investment Companies.

**What we offer...** Legend Advisory offers the following investment advisory services. A more detailed description of each service is provided under the corresponding headings below, as well as in Item 5: *Fees and Compensation*, and in the Wrap Fee Brochure –Appendix I attached.

- I. Legend Advisory Managed Model Portfolios – Wrap Fee Programs**
- II. Advisor Consulting with Managed Client Custom Portfolios or Model Portfolios**
- III. Third Party Managed Model and Custom Portfolios**
- IV. ERISA Retirement Plan Advice**

In choosing one or more of the services above, your Advisor will work with you to assess your needs and investment objectives. You may be asked to complete a confidential investor profile, or a similar questionnaire or application, providing personal and financial information to assist in this assessment. Your Advisor will collect information including, but not limited to, your investment goals, income requirements, time horizon, and tolerance for risk in order to tailor his or her recommendations to your needs and objectives. Our goal is to provide you with the most appropriate investment advisory service or services to help you meet your financial goals.

Legend Advisory offers in-house managed and third party managed advisory services through a number of platforms and custodians, which are listed on the tables included in this Brochure and the attached

Appendix I. The platform or custodian chosen by you will depend on the tax type of your account(s), the account custodian you wish to work with, the services our Advisor will provide to you, the advisory programs you prefer and the pricing you wish to pay.

### **I. Legend Advisory Managed Portfolios**

The portfolios in the Legend Advisory offerings that are managed by the Legend Investment Management & Research (“IM&R”) Team are offered exclusively as Wrap Fee Programs. A Wrap Fee Program is an investment advisory program in which you pay one bundled fee to compensate Legend Advisory and your Advisor for their services and to pay the transaction and clearing costs associated with transactions in your advisory account. The Legend Advisory Wrap Fee Programs are detailed in the Legend Advisory Wrap Fee Program Brochure (Form ADV Part 2A Appendix I) attached.

### **II. Advisor Consulting with Advisor Custom Portfolios or Model Portfolios**

Your Advisor’s role is to earn and maintain a relationship with you to provide you financial and life planning and consultation, as requested by you, as well as investment advice services which includes assisting you in the determination of the appropriate investment advisory investments and advisory programs for you, conversing with you on an as-needed or as requested basis, to ensure that the investments and programs continue to meet your stated objectives and needs. Some advisors may also provide supplemental reports on a periodic basis to assist you in evaluating the effectiveness of the investments and advisory program(s). Legend Advisory Advisors may provide periodic non-discretionary investment advice to their clients, or certain Advisors provide ongoing discretionary management to their clients. The Advisor has the responsibility to select securities or make recommendations based on your needs and objectives, but if the advisor does not have written discretionary authority over your account, he/she cannot purchase or sell securities without first obtaining your approval. All advice is geared to meet the client’s risk tolerance, income, any investment restrictions, and tax management objectives, if applicable.

Each Legend Advisor may follow a different investment discipline and may or may not establish a minimum investment amount. The fees charged by Advisors on will vary depending on the platform utilized and the individual Advisor. Most Legend Advisors manage or advise portfolios containing securities such as, but not limited to, mutual funds, ETFs, stocks, bonds and options. Consult with your Advisor to learn more about the advisory services and fees he or she offers. Your Advisor’s education, licenses and professional designations are described in Form ADV Part 2B Brochure Supplement, a copy of which your Advisor will provide to you.

Advisory assets may be custodied at Pershing, or at any one of a number of other approved custodians or institutional platforms, including but not limited to Charles Schwab & Co., Inc., Fidelity Brokerage Services, LLC/NFS, Great American Insurance Company, MG Trust Company, LLC (Matrix/Broadridge), Nationwide, Prudential Financial, Inc., Security Benefit, Variable Annuity Life Insurance Company (VALIC) and SEI Private Trust Company.

Advisor Managed Offerings include: Advisor Custom Portfolios (ACP), Guided Portfolio Solutions (GPS) Advisor Series and Investor Advantage Plus. In GPS Advisor Series and Investor Advantage Plus, your Advisor has access to and can recommend stocks, bond, ETFs and CDs, while ACP is limited to mutual funds only.



### **III. Third Party Advisory Services**

*This section provides to you a description of advisory services offered on third party platforms, Legend Advisory may be available on one or more of these platforms.*

#### **Investnet Asset Management, Inc., Guided Portfolio Solutions (GPS)**

GPS offers a series of management portfolios and disciplines to provide clients with a variety of options when determining the management of their accounts.

*The Allocation Series* - Client selects from a list of approved Investment Strategists, including Legend Advisory, who act with discretion in managing their model portfolios to their stated discipline, investment approach and style. The Managers available are:

Legend Advisory, LLC- Absolute Return Portfolio using mutual funds

Columbus Macro, LLC - ETF Select Strategies

Cougar Global Investments- MAR ETF Portfolio Series

New Frontier- Global Strategic ETF Portfolios

Nuveen – Intelligent Risk ETF Portfolios

Investnet PMC – Tactical ETF Rotation Portfolios; Tactical ETF Fixed Income Portfolios

*The Manager Series* - You may select from hundreds of separately managed account (SMA) models offered by third-party investment managers to build a customized portfolio using various types of securities (e.g., stocks, bonds, ETFs, closed-end funds, etc.) and investment styles. Accounts in the Manager Series are custodied at Pershing.

In the GPS Allocation Series and Manager Series, discretionary authority is granted to the selected strategist and/or the third-party manager selected.

#### *Co-Adviser or Sub-Adviser*

Legend, as Co-Adviser or Sub-Adviser, works with third party money managers to provide you with access to their investment advisory services. Neither Legend Advisory nor your Advisor performs the ongoing discretionary asset management in your portfolio; this is done by the third party money manager. As Co-Adviser or Sub-Adviser, Legend Advisory typically is responsible to work with you to collect all necessary information and documentation to assist the money manager in managing your assets, and to answer any questions you may have about the money manager or the managed portfolio. In some instances, a portion of the Advisory Fee charged by the third party money manager is paid to Legend Advisory and your Advisor; in other instances, Legend Advisory and your Advisor may add on a fee to the money manager's fee for our performance of certain assigned services as a Co-Adviser or Sub-Adviser. Please review your investment advisory agreement and the Form ADV 2A of the third party money manager for further information regarding the advisory fee for your selected manager(s) and the portion of the fee that is paid to Legend Advisory and your Advisor.

#### *Solicitor*

Advisors may also act solely as a Solicitor and introduce you to a third party money manager. For this introduction, the third party money manager will pay Legend Advisory a Solicitor's Fee. This fee, which is typically an ongoing portion of the fee collected from you by the manager, must be disclosed to you at the time of the introduction in a Solicitor Disclosure Statement. Legend Advisory does not dictate or

control the asset management or other fees that may be assessed by the money manager. Please review the money manager's ADV Part 2A for more information about their advisory fees. Neither Legend Advisory nor your Advisor performs any other role with respect to the management of the assets placed with the money manager.

The following table is a list of third party independent investment advisers for which Legend Advisory or your Advisor may act as Co-Adviser, Sub-Adviser, or Solicitor:

<b>Third Party-Managed Model and Custom Portfolios</b>	
CLS Investments	SEI Private Trust Company
Morningstar Investment Services, Inc.	

Not all third party independent investment advisers are available to all Advisors or all clients, and are subject to change.

#### **IV. ERISA Retirement Plan Advice**

Legend Advisory offers ERISA 3(21) and 3(38) fiduciary services to sponsors of retirement plans through the Neuralvision program, including core fund monitoring and education and enrollment services for plan participants. Legend Advisory and its Advisors provide investment advice to sponsors of ERISA retirement plans, as well as education and enrollment services to eligible participants of the plans. At the plan level, Legend Advisory assists the responsible plan fiduciary in analysis, selection, and monitoring of investment options made available to plan participants. Legend Advisory may recommend appropriate mutual fund portfolios, which are managed on a discretionary basis by Legend Advisory, a Sub-Advisor, or a Third Party investment adviser. Advisors of Legend Advisory may also assist eligible participants of these plans in education and enrollment among the investment options. Legend Advisory may also assist the responsible plan fiduciary in the selection of a product sponsor's program or third party platform.

#### **Assets Under Management**

As of December 31, 2017, Legend Advisory and its Advisors managed or advised on over \$2.3 billion in advisory assets:

- \$1.6 billion in advisory assets on a discretionary basis, and
- \$ 758 million in advisory assets on a non-discretionary basis

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

*This section provides to you a description of our advisory fees, how and when these advisory fees are collected, and if refunds are available. Other types of fees and expenses that you may incur are described below in the section titled, "Other Costs That You May Incur." Other compensation that Legend Advisory and/or your Advisor may receive, which may create a conflict of interest, is described in the section titled "Other Compensation to Legend Advisory and Our Conflicts of Interest."*

For all advisory services offered by Legend Advisory, the specific manner in which advisory fees are calculated and charged is described in your Investment Advisory Agreement. In your investment advisory agreement, you must also authorize Legend Advisory to directly debit advisory fees from your account. Advisory fees are, in most cases, automatically deducted on a quarterly basis in advance or arrears,

depending on the program, from cash/money market positions or by liquidating assets held within the account. Legend Advisory may waive or negotiate advisory fees at our sole discretion.

**I. Legend Advisory Managed Portfolios Fees**

The portfolios in the Legend Advisory offerings that are managed by the Legend Investment Management & Research (IM&R) Team are offered exclusively as Wrap Fee Programs. A Wrap Fee Program is an investment advisory program in which you pay one bundled fee to compensate Legend Advisory and your Advisor for their services and includes the transaction and clearing costs associated with transactions in your advisory account. The Legend Advisory Wrap Fee Programs are detailed in the Legend Advisory Wrap Fee Program Brochure (Form ADV Part 2A Appendix I) attached.

**II. Advisor Consulting with Advisor Custom Portfolios or Model Portfolio Fees**

*See below table for fees and transaction costs associated with these portfolio choices. Fees are negotiable.*

Unless otherwise stated, your Advisor’s fee is negotiable at the Advisor’s sole discretion and to a maximum fee that is established by Legend Advisory. Advisor services, including consultations and advice, are provided for an unbundled fee where you pay a fee to compensate Legend Advisory and your Advisor for their services, and you would pay separately the transaction costs associated with the trading in your account. Advisor managed services and fees typically differ by Advisor.

<b>ADVISOR MANAGED OFFERINGS</b>						
<b>Advisory Offering</b>	<b>Minimum Investment</b>	<b>Investment Type</b>	<b>Ticket Charges or Surcharges incurred on non-NTF Transactions</b>	<b>Custodian</b>	<b>Maximum Annual Fee</b>	<b>Account Types</b>
<b>Advisor Custom Portfolio (ACP)</b>	No Minimum	Mutual Funds Only	No	Pershing, LLC	1.46%*	All Account Types
<b>Guided Portfolio Solutions (GPS) - Advisor Series</b>	\$25,000	Mutual Funds, ETFs, Stocks, Bond, CDs	YES	Pershing, LLC	2.00%	All Account Types  (except 403(b), 457 retirement plans)
<b>Investor Advantage Plus</b>	\$50,000	Mutual funds, ETFs, stocks, bond, CDs	YES	Pershing, LLC	1.75%	All Account Types  (except 403(b), 457 retirement plans)

\* Additional annual administrative fee of \$40.00 applies per account; however, waived on accounts under \$5,000

Legend Advisory's non-discretionary Advisor Managed Non-Wrap Fee Programs offer the ability to develop a customized investment plan with your Advisor based on your individual needs and goals while maintaining the trading authority over the investment decisions made in your account. Your Advisor will provide advice throughout the investment process to help you navigate through market changes.

In Advisor Managed Non-Wrap Fee Programs such as Advisor Custom Portfolio (ACP), Guided Portfolio Solutions (GPS) Advisor Series and Investor Advantage Plus you pay a non-wrap fee to compensate Legend Advisory and your Advisor, and a separate fee to cover your transaction and clearing costs. The non-wrap fee you pay is not based directly upon the actual transaction or execution costs of the transactions in your account. The non-wrap fee may not cover account custody costs and other supplemental and surcharge fees that may be associated with your advisory account that are assessed by Pershing. Pershing assesses supplemental charges and surcharges for the following: short term trading, ticket charges imposed if certain investment minimums are not met, and surcharges imposed by Pershing when purchasing certain no-load or low cost mutual funds or index funds. Should you decide to acquire a mutual fund that meets one or more of the conditions identified above, the supplemental and/or surcharge assessed by Pershing will be passed on to you depending on the program selected. In addition to supplemental and surcharge fee other custody costs may include, but are not limited to, qualified retirement plan annual account fees, account administration fees, and account termination fees. Independent of the investment advisory fees, you may also incur other indirect expenses and fees including, but not limited to, the internal management fees associated with a mutual fund. Should you decide to acquire a mutual fund that meets one or more of the conditions identified above, the supplemental and/or surcharge assessed by Pershing will be passed on to you. By choosing a mutual fund that does not have a transaction fee or surcharge, you may not be acquiring the lowest expense share class available on Pershing's platform.

You could purchase similar services for a lower cost to those offered in Legend non-wrap fee programs from affiliated and unaffiliated investment advisers. Depending on the underlying investments and amount of transactions in your account, a non-wrap fee account may cost you more than if you chose an advisory program where you pay a single bundled fee to cover all of your transaction costs. Your Advisor receives a portion of the non-wrap fee you pay. The amount of this compensation may be more than what your Advisor would receive from other advisory services offered by Legend Advisory, or more than if you paid separately for investment advice, brokerage, and other services. Your Advisor may have an incentive to recommend a non-wrap fee program over other programs or services.

a. Advisor Custom Portfolios (ACP)

Advisor Custom Portfolios (ACP) provides your Advisors with access to no-load and load-waived mutual funds available through Pershing's mutual fund platform. Pershing assesses supplemental charges for short term trading and ticket charges are imposed if certain investment minimums are not met. Should you decide to acquire a mutual fund that meets one or more of the conditions identified, the supplemental charge assessed by Pershing will be passed on to you.

<b>Assets Under Management</b>	<b>Maximum Management Fee*</b>
\$0.00 to \$500,000.00	1.46% annually
\$500,000.01 to \$1,000,000.00	1.24% annually
\$1,000,000.01 and above	1.01% annually

\* Additional annual administrative fee of \$40.00 applies per account; however, waived on accounts under \$5,000

The Advisor Custom Portfolio (ACP) program is billed in advance. Advisory fees are in most cases automatically deducted on a quarterly basis in advance from cash/money market positions or by liquidating assets held within the account. Legend may waive or negotiate advisory fees at our sole discretion.

b. Guided Portfolio Solutions (GPS) Advisor Series

The investment options available in the GPS Advisor Series will be based on your Advisors qualifications and may be limited to open-end mutual funds. No-load and load-waived mutual funds are offered through Pershing’s mutual fund platform.

Pershing assesses supplemental charges for the following: short term trading, ticket charges imposed if certain investment minimums are not met, and Pershing imposes surcharges when purchasing certain no-load or low cost mutual funds or index funds. Should you decide to acquire a mutual fund that meets one or more of the conditions identified, the supplemental and/or surcharge assessed by Pershing will be passed on to you.

<b>Assets Under Management</b>	<b>Maximum Management Fee</b>
\$0.00 to \$250,000.00	2.00% annually
\$250,000.01 to \$500,000.00	1.90% annually
\$500,000.01 to \$1,000,000.00	1.80% annually
\$1,000,000.01 to \$2,000,000.00	1.70% annually
\$2,000,000.01 and over	1.60% annually

c. Investor Advantage Plus

Investor Advantage Plus provides access to other types of securities (e.g., stocks, bonds, ETFs, etc.) in addition to mutual funds available through Pershing’s mutual fund platform.

Pershing assesses supplemental charges or surcharges for the following: short term trading, ticket charges imposed if certain investment minimums are not met, and Pershing imposes surcharges when purchasing certain no-load or low cost mutual funds or index funds. Should you decide to acquire a mutual fund that meets one or more of the conditions identified, the supplemental and/or surcharge assessed by Pershing will be passed on to you.

<b>Assets Under Management</b>	<b>Maximum Management Fee</b>
All assets	1.75% annually

The Investor Advantage Plus programs are billed in advance. Advisory fees are in most cases automatically deducted on a quarterly basis in advance from cash/money market positions or by liquidating assets held within the account. Legend may waive or negotiate advisory fees at our sole discretion.

### III. Third-Party Advisory Services Fees

#### Guided Portfolio Solutions (GPS)

- GPS Allocation Series, max fee 2.25%

Assets Under Management	Maximum Management Fee
\$0.00 to \$250,000.00	2.25% annually
\$250,000.01 to \$500,000.00	2.20% annually
\$500,000.01 to \$1,000,000.00	2.15% annually
\$1,000,000.01 and over	2.05% annually

#### Guided Portfolio Solutions (GPS)

- GPS Manager Series, max fee 2.25%

Assets Under Management	Maximum Management Fee
\$0.00 to \$250,000.00	2.25% annually
\$250,000.01 to \$500,000.00	2.20% annually
\$500,000.01 to \$1,000,000.00	2.15% annually
\$1,000,000.01 and over	2.05% annually

### IV. ERISA Retirement Plans

The specific amount of fees and manner in which fees are charged by Legend Advisory for plan sponsor services is established in the sponsor's written agreement with Legend Advisory. Legend Advisory's maximum fee for plan sponsor services in the Neuralvision program is 1.60% of plan assets annually. Plan assets above \$2,000,000 will have the plan sponsor service fee negotiated. Please refer to your advisory agreement for a more detailed explanation of our fees.

The maximum fees for the Neuralvision<sup>®</sup> program are as follows:

1.60% annually for plan sponsor services

0.35% annually for investment management services

Assets Under Management	Maximum Program Sponsor Fee	Maximum Investment Fee	Maximum Total Fee
\$0.00 to \$2,000,000.00	1.60% annually	0.35% annually	1.95% annually
\$2,000,000.01 and over	1.10% annually	0.35% annually	1.45% annually

### **Additional Information Regarding Fee Billing**

In select asset management programs, advisory fees are prorated for contributions and withdrawals. Please refer to your investment advisory agreement for additional information on proration of fees.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee based on the number of days advisory services are provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Refunds are automatically processed upon termination and calculated as follows:

- We take the market value of all assets held within an account (including cash and cash equivalents), as determined by the custodian, investment company or insurance company, on the last business day of the previous calendar quarter and multiply that amount by the annual advisory fee.
- We then divide that amount by the number of days in the calendar year to determine a daily advisory fee rate.
- The daily advisory fee rate is then multiplied by the number of days advisory services were not provided in the applicable calendar quarter.

In general, a client may terminate Legend Advisory's or its Advisor's advisory services at any time upon written notice to us. The death of an investor also constitutes termination of any agreement with Legend Advisory, though an executor or other authorized representative may choose to continue services under a new or modified agreement. Unearned fees will be refunded to clients on a pro rata basis for asset management services. Clients remain responsible to pay fees for services performed but not yet billed.

An expense within some mutual fund share class offerings is a Mutual Fund Distribution Fee, also called a 12b-1 Fee, which is paid to Lincoln Investment, Legend Advisory's affiliated broker-dealer. 12b-1 fees received by Lincoln Investment that are related to your Legend Advisory advisory assets will be credited or refunded back to you. This fee-offset or crediting of 12b-1 fees will alleviate the potential conflict of interest associated with Lincoln Investment receiving this third party compensation and will also reduce the expense to you associated with purchasing a mutual fund share class which includes a 12b-1 fee expense. You may still incur a 12b-1 fee expense for any portion of the 12b-1 fee not received by Lincoln Investment.

You could purchase products or services similar to those offered by Legend Advisory separately from our affiliated investment adviser and broker-dealer, Lincoln Investment Planning, LLC, Capital Analysts, LLC or from any financial services provider. Legend Advisory may offer employees, its Advisors, and family members a discount or waiver of some or all fees.

### **Other Cost That You May Incur**

Total advisory fees paid and other costs associated with your portfolio impact the overall performance of your portfolio. It is important to review these costs when making your advisory and investment decisions.

Costs may include the following:

1. **Internal Expenses.** Internal management fees, other fund charges or other expenses charged by the mutual fund or sub-account of a variable annuity (also known as the internal expense). All mutual funds and annuity companies charge a fee for the management and operations of their

offerings. The higher the internal expense, the more impact it will have on the performance of your portfolio.

2. **Brokerage Account Fees.** Legend Advisory offers its advisory services on various broker-dealer platforms. Each platform assesses different account, service and transaction fees, such as commissions, wire fees, trade-away fees, statement and confirmation fees, retirement plan recordkeeping or custodial fees, and low balance or account termination fees. Please refer to Item 12: Brokerage Practices for further information. Pershing assesses a surcharge for the purchase and sale of certain no load or low expense mutual funds not available on the NTF platform.

3. **Mutual Fund Short-term Trading Redemption Fees.** Some mutual funds impose short-term trading redemption fees of up to 2% for active trading or exchanging in and out of their funds. (90 calendar days for Investor Advantage on FundVest and 30 calendar days for Legend Choice). Tickets charges may also be imposed if certain fund minimums are not met. This could affect you or your investment adviser's ability to properly manage your portfolio as these costs will impact the performance of your portfolio or may be an incentive not to trade. Legend Advisory's decision to reallocate your account assets may result in you incurring a redemption fee imposed by one or more mutual funds held in your account.

4. **Variable Annuity Rider and Contract Costs.** These costs may include, but are not limited to, annual base annuity contract charges, optional benefit riders, underlying sub-account expenses, and potential surrender fees.

5. **Rights of Accumulation.** Many mutual funds offer rights of accumulation or other sales charge discounts. The mutual fund company may or may not count your assets held in an advisory service as eligible for a reduced sales charge on other mutual fund purchases. You should consult the fund's prospectus for the product sponsor's specific rules.

You may incur additional charges imposed by custodians, broker-dealers, investment and insurance companies and other third parties, such as transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. Such charges and fees are exclusive of and in addition to Legend Advisory's fee. You shall be responsible for payment of any and all taxes that may be due as a result of any transactions in your account.

### **Other Compensation to Legend Advisory and Our Conflicts of Interest**

Legend Advisory recognizes its fiduciary responsibility to place your interests above ours and that other compensation received by us, or an affiliate, from other sources presents a conflict of interest and could be looked upon by you as an incentive for us to recommend investment products or advisory services based on compensation rather than on your financial needs. Below is a description of potential conflicts of interest that we have identified in the conduct of our business that we believe may be material. With many of these conflicts, we have taken steps to mitigate away or reduce the potential conflict.

12b-1 Fees. An expense within some mutual fund share class offerings is a Mutual Fund Distribution Fee, also called a 12b-1 Fee, which is paid to Lincoln Investment, Legend Advisory's broker-dealer affiliate. For assets held on the Pershing LLC platform, the amount of the 12b-1 fee received by Lincoln Investment will be refunded directly to your Pershing account. You may still incur a 12b-1 fee expense for any portion of the 12b-1 fee not paid to Lincoln Investment. The refunding of 12b-1 fees will alleviate the potential conflict of interest associated with Legend Advisory's affiliate receiving this third party compensation and will also reduce the expense to you associated with purchasing a mutual fund share class which includes a 12b-1 fee expense.



## **Understanding Share Classes in Legend Advisory Accounts**

Mutual funds have multiple share classes. The expense ratio of a fund is disclosed in the fund's prospectus and annual reports and generally reflects the annual operating costs of the fund, assessed as a percentage of a fund's average assets. The expense ratio within a mutual fund share class can fluctuate from what is shown in a prospectus for the fund offering and annual report and can vary over time and from year to year. A fund that was deemed to have a lower expense ratio at the time of purchase may not actually maintain that expense ratio during the time that the fund is held and new fund share classes may become available with different expense ratios.

Share class selection for your advisory accounts will be based on a range of factors. Legend Advisory does not make all share classes available to your advisory accounts. While Legend Advisory will generally seek to designate a single share class of a mutual fund for purchase in your advisory accounts, designated share classes will likely vary among custodial platforms and more than one share class can be purchased and held in advisory accounts. Factors we consider in share class selection, include, but are not limited to, the net expense ratio of the share classes, an expense tracking error of ten basis points (0.10 %) based on the prospectus net expense ratio as provided by Morningstar, prospectus 12b-1 distribution fee as provided by Morningstar, whether a portfolio is a discretionary managed portfolio or a non-discretionary managed portfolio, the availability of share classes on various custodial platforms, whether particular share classes are subject to transaction fees ("TF") or do not have transaction fees ("NTF"), operational considerations such as share class consistency within a fund family on a particular custodial platform (as described below), the availability of account minimum waivers, tax and other circumstances that are unique to particular clients. Expense tracking error refers to an acceptable margin that Legend Advisory considers when comparing share class costs since share class expense ratios can fluctuate over time. Share class consistency refers to the objective of utilizing the same share class for all or a majority of the mutual funds within a fund family on a particular custodial platform to support consistency and efficiency. This objective may not always be achieved and more than one share class could be purchased and held. Generally, Legend Advisory will only consider a share class for share class consistency if the differential between the share classes being considered is ten basis points (0.10%) or less based on the prospectus net expense ratio as provided by Morningstar, taking into account the prospectus 12b-1 distribution fee as provided by Morningstar. If not within this range, then multiple share classes of a fund family could be available on a custodial platform.

Generally, only NTF funds will be available for new fund purchases in your advisory accounts. However, TF funds will be purchased if the NTF fund in the same mutual fund is not available on the applicable custody platform, subject to the purchase being eligible for investment minimums or investment waivers. A fund share class on one custodian's platform may be an NTF fund while on a different custodian's platform may be a TF fund, or vice versa. The expense ratio for TF funds will generally be lower than that for NTF funds, but the purchase and sale of TF funds is subject to additional transaction fees and other charges that increase the cost of investment. Trading in TF funds can increase cost to both the client and/or the firm depending on the level of trading in the account. Legend Advisory and its Advisors are not under an obligation to pay the transaction fees and other charges associated with investments in TF funds on your behalf, unless you are in a Wrap Fee Program. However, if Legend Advisory does assume these costs, then it has a financial incentive to select NTF funds in its Wrap Fee programs to avoid paying or to lower mutual fund transaction charges. This creates a conflict of interest for Legend Advisory to select a NTF mutual fund in a Wrap Fee program because Legend Advisory would incur less expense and generate more revenue than if Legend Advisory selected a TF fund. When selecting a share class of a mutual fund for its platform and when recommending a mutual fund to you, Legend Advisory and your

Advisor have a conflict of interest because the selection or recommendation of a more expensive share class results in greater net after cost compensation to Legend Advisory. The use of NTF funds can serve to minimize the potential for an overall increase in advisory fees charged to clients. If Legend Advisory or your Advisor were to incur transaction fees, Legend Advisory and/or your Advisor would likely charge higher advisory fees or increase other charges to clients for the services provided.

Legend Advisory and your Advisor can purchase, hold, and recommend mutual fund investments in share classes in your advisory accounts that are not the lowest cost share class. You should not assume that you are invested in the lowest cost share class, and the share class of a mutual fund offered by Legend Advisory can have higher expenses and therefore lower returns, which could impact performance over time, than other share classes of that mutual fund for which you are eligible or that may otherwise be available to you if you invested in the mutual fund through a third party or through the mutual fund directly. Other financial services firms may offer the same mutual fund at a lower overall cost to the investor than is available through your account.

Legend Advisory may, in its discretion, determine to convert your mutual fund positions held in one share class to a different share class. Such share class conversions will occur as deemed appropriate by Legend Advisory and will be reflected on your account statement. Legend Advisory will consider various factors when considering share class conversions in your advisory accounts, including but not limited to, the net expense ratio of the share classes, whether your account is subject to taxation, the difference in the expense ratio between share classes and whether the difference exceeds an expense tracking error of ten basis points (0.10%) based on the prospectus net expense ratio as provided by Morningstar, the prospectus 12b-1 distribution fee as provided by Morningstar, operational considerations such as share class consistency, your investment preferences and the amount of potential taxable gains or losses to which you could be subject. The ability and length of time to effect a share class conversion will vary by custodial platform and is subject to prospectus requirements and custodial platform approval. Legend Advisory will periodically compare the share classes of your funds with the share classes offered by the fund and available to the firm and your account. If, as a result of such review, the Firm initiates a share class conversion, the new share class will appear on your account statement. Legend Advisory will not consider converting your mutual fund position held in a lower expense share class of the same fund to a more expensive share class of the same fund unless the difference between the lower expense share class and the more expensive share class is less than or equal to the expense tracking error of ten basis points (0.10%) based on the prospectus net expense ratio as provided by Morningstar, taking into account the prospectus 12b-1 distribution fee as provided by Morningstar. Through the conversion process, you should not assume that you are or will be invested in the lowest expense share class, and the share class of a mutual fund offered by Legend Advisory can have higher expenses, and therefore lower returns, which can impact performance over time, than other share classes of that mutual fund for which you are eligible or that may otherwise be available to you if you invested in the mutual fund through a third party or through the mutual fund directly.

We are currently implementing the mutual fund share class selection process described above for new funds that are added to our advisory platforms. We are simultaneously reviewing existing positions to apply these mutual fund share class selection and conversion factors to current fund holdings. This review process is ongoing and is expected to be completed by September 2018. Third-party investment managers that provide model portfolios or manage client accounts on a discretionary basis will follow their own share class selection practices.

When determining the reasonableness of any fees and expenses you agree to pay to Legend Advisory, you should consider both the fees and expenses that Legend Advisory charges to your account for its services and those of your Advisor, as well as any indirect fees and expenses that you pay in connection with any investment in share classes of mutual funds that bear expenses greater than other share classes for which are otherwise eligible. Information about the mutual funds and share classes that are available through your account, including their investment policies, restrictions, charges, and expenses, is contained in the mutual funds' prospectuses. You should read these prospectuses carefully. Please contact your Advisor for additional information on share class selection practices and related fees and expenses.

### **Third Party Payments**

#### **Pershing Platform**

For advisory accounts introduced to Pershing LLC, Pershing shares revenue with Lincoln Investment, as introducing broker-dealer, an affiliate of Legend Advisory, LLC, based on total assets and total investor accounts of Legend Advisory held at Pershing ("Other Fees") pursuant to a written agreement with Pershing, LLC. This revenue is not shared with your Advisors. Lincoln Investment also receives revenue derived from money market fund distribution assistance associated with Legend Advisory accounts maintained at Pershing. This revenue is not shared with your Advisors. The receipt of the Other Fees and money market distribution assistance revenue by our affiliate, Lincoln Investment, creates a conflict of interest to Legend Advisory to use Pershing as a custodian over other custodians that do not share revenue with Lincoln Investment. We do not believe these conflicts are material to Legend Advisory or its affiliate, Lincoln Investment. The receipt of this revenue by Lincoln Investment as allocated to Legend Advisory represented approximately 1.3% of Legend Advisory's 2017 total revenue. This revenue was not shared with Advisors.

#### **Sales and Marketing Support**

Lincoln Investment receives Sales and Marketing Support as described below. In order to minimize the potential conflicts associated with the receipt of these fees by its affiliate, Legend Advisory does not receive Sales and Marketing Support payments that are based on advisory account assets, advisory account transactions or that are based on ERISA account assets.

**Flat Fee Sponsors.** Lincoln Investment, Legend Advisory's affiliated broker-dealer, has partnered with a select group of third party money managers and product sponsors who pay to assist Lincoln Investment in the training and education of Advisors at firm sponsored events, on such topics as advisory products and services, practice management, tools and technology, consumer education, and policies, rules and regulations. These sponsors provide financial support to Lincoln Investment in the form of a flat-dollar amount that may be amended annually and is not based on the assets or sales of their proprietary products or services. Sponsors can compensate Lincoln Investment from fund assets, the fund's investment manager, distributor or other affiliate's assets. Payments made to broker dealers out of fund assets can lower investor returns and performance over time. Advisors do not share in any portion of these payments so as to mitigate any conflict for an Advisor to recommend one product or money manager over another. This financial support allows Lincoln Investment to defray or offset costs associated with firm sponsored events and other educational and outreach tools and services. The financial support by these Sponsors to Lincoln Investment and as allocated to Legend Advisory presents a potential conflict of interest to Lincoln Investment and Legend Advisory.

All Flat Fee Sponsors do not pay Lincoln Investment the same amount, and depending on the amount of the payment from the Flat Fee Sponsor, the access to Lincoln Investment sponsored events may differ. For example, Lincoln Investment holds a number of sales conferences both nationally and regionally throughout the year to educate advisors. The higher the annual flat fee payment, the more events the Flat Fee Sponsor will be invited to attend. Flat Fee Sponsors have more opportunities than other product sponsors and money managers that are not Flat Fee Sponsors to market to and educate Advisors which could pose a potential conflict to Advisors to offer these sponsors products or services over others. Advisors do not share in any portion of these payments so as to mitigate any such conflict.

In 2017, CLS Investments compensated Lincoln Investment as a Flat Fee Sponsor. In 2017, the financial support of CLS as allocated to Legend Advisory was nominal relative to the total revenues of Legend Advisory. We do not believe that this amount is material. Some of the Flat Fee Sponsors revenue may be used to support the ongoing operational expenses of Lincoln Investment and Legend Advisory and not used solely for sales and marketing support.

**Other Sales Support.** From time to time, product sponsors and third money managers may assist Advisors in their sales and marketing efforts by subsidizing certain Advisor costs, such as client meetings or workshops, mailings, administrative expenses and technology support. The amount of support is approved by Lincoln Investment and is monitored to ensure that it is not too frequent or excessive. Also, Advisors are invited from time-to-time by product sponsors to due diligence and educational meetings or seminars hosted by the product sponsor or money manager. Lincoln Investment must grant permission to our Advisors to attend any meeting or seminar hosted by a product or advisory service sponsor. Lincoln Investment approves events that are limited to education or due diligence only and allows the product sponsor to provide meals, hotel accommodations and reimbursement to the Advisor, through Lincoln, for travel expenses only. These events represent a nominal portion of revenue that may be received from product sponsors. The education of our Advisors in the offerings that are available to them is a key component of providing prudent investment advice to you. This could be deemed a conflict of interest that will incentivize the advisor to offer one product or money manager over another. This support is not based on client assets or transaction sales.

**Asset and Sales Based Sponsors.** On the brokerage side of Lincoln Investment's business, Lincoln Investment also receives Sales and Marketing support from product sponsors, mutual fund companies, insurance companies and other third party providers to assist in the marketing and sales efforts of employees and Advisors ("Asset and Sales Based Sponsors"). The support provided by these sponsors is based on brokerage assets and brokerage transaction and not based on your advisory account assets or ERISA assets. Lincoln Investment receives compensation from these sponsors in various forms, including as a flat fee, a percentage of the amount of brokerage assets held by investors, a percentage of sales, or any combination of these methods. The amounts of these payments can vary by the type of product and by provider and can include, but are not limited to, distribution fees and shareholder service fees. In some cases, Asset and Sales Based Sponsors pay additional marketing payments to Lincoln Investment to cover fees to attend conferences. Additionally, some Asset and Sales Based Sponsors make a monthly or quarterly payment or additional monthly or quarterly payment based on the assets you hold in a fund or variable insurance product over a period of time. As you may have both a brokerage account and an advisory account with us, we want you to understand that Lincoln Investment will receive Sales and Marketing Support based on assets or sales in connection with your brokerage account assets and transactions. As Lincoln Investment may be financially incentivized to recommend Asset and Sales Based Sponsors that provide sales and marketing support over others that do not, this is a potential conflict of interest.

In 2017, Sales and Marketing Support based on brokerage asset or sales (which would be as result of only the brokerage assets you held with Lincoln Investment) represented approximately one percent of total revenues to Lincoln Investment, and could be deemed material to Lincoln Investment clients. Some of this revenue may be used by Lincoln Investment to support the ongoing operational expenses of Lincoln Investment and not used solely for sales and marketing support.

### **Other Potential Conflicts**

**Ongoing Fiduciary Conflicts.** Legend Advisory has a supervisory duty to periodically monitor clients' portfolios to ensure suitability of investments and to ensure that the advisory services are being performed in recognition of our fiduciary duty to you, which includes acting in your best interest. A potential conflict of interest exists if an Advisor is assessing an advisory fee but no services are being performed. Supervision is performed over accounts and Advisors to monitor for activities that could be deemed a breach of our fiduciary duty to you, including such periodic reviews as accounts where there is no documentation of services being performed and accounts with uninvested cash balances over a period of time with no rationale for holding such a large cash position in an advisory account. In an advisory relationship, our fiduciary relationship will be most successful if both the client and the Advisor partner to ensure that there is regular and meaningful contact and that the advisory account continues to meet the needs of the client.

**Affiliates Other Businesses.** Legend Advisory principal business is as an investment adviser. The majority of Legend Advisory revenue comes from the advisory fees we collect from you. Through its affiliated broker-dealer, Lincoln Investment receives compensation from its brokerage business. This compensation comes from securities and insurance product commissions and mutual fund concessions, 12b-1 distribution fees associated with the sale of mutual funds, trailing commissions from annuity sales, and persistency bonuses on insurance and other sources. You always have the option to purchase advisory services, securities products or insurance through non-affiliated investment advisers, brokers or agents. Legend Advisory also is affiliated with two other registered investment advisers, Lincoln Investment, LLC and Capital Analysts, LLC, and promotes the services of these investment advisers.

**Your Advisor's Other Businesses.** Your Advisor may have more than one relationship with you – one as an Advisor over an advisory account and one as a Registered Representative/Agent of Lincoln Investment over a non-advisory account where he or she may receive a sales commission for the sale of securities or insurance products which would be in addition to any advisory fees earned on your advisory assets. In these situations, our Advisor may have greater financial incentives to offer you both investment and/or insurance sales as well as advisory services.

Your Advisor may also be associated with one or more of Legend Advisory affiliated investment advisers, Lincoln Investment, LLC or Capital Analysts, LLC. These affiliated relationships present a conflict of interest. Through his or her affiliation with Legend Advisory and possibly with Lincoln Investments and Capital Analysts, your Advisor may be in a position where he or she can offer the same or similar advisory services to you for different fees and compensation structures. If an identical Sub-Adviser or strategy is available through two affiliated registered investment advisers, you may pay higher fees for an advisory service that is similarly offered through another affiliated investment adviser. You always have the option to purchase advisory services, securities products or insurance through non-affiliated investment advisers, brokers or agents.

Legend Advisory shares with each Advisor a percentage of the advisory fee received based on the type of advisory service sold. Some Advisors can receive a higher percentage of the Advisor Fee when placing client assets within an IM&R managed program than when placing client assets with a third party money manager. In addition, Advisors who have significant advisory assets within Legend Advisory programs receive higher percentages of the Advisor Fee than those who have lower advisory assets in Legend Advisory in-house managed offerings. This creates a conflict of interest for Advisors to recommend Legend Advisory offerings over other third party advisory offerings. Most of Lincoln's Advisors are independent contractors who may also offer other non-security financial services and products, such as life, health, disability, long term care and fixed annuity insurance products, and real estate. These services may be offered independent of The Lincoln Investment Companies.

**Sales Incentives.** Legend Advisory offers sales contests that may provide additional incentives to your Advisor to offer one product or advisory service over another. Legend Advisory offers sales contests based on such criteria as gross compensation to the Advisor, new accounts, and net sales of advisory programs. These contests may provide your Advisor with a conflict of interest and an incentive to offer you fee-based advisory services over commission-based brokerage services. Top achievers in these contests may receive firm sponsored trips, cash prizes, bonus commissions, club points, monetary donations in their name to a charity of their choice or other nominal prizes. No contest is offered which will award the Advisor based upon a specific investment product or on a specific product sponsor. In our capacity as an investment adviser, Legend Advisory and its Advisor recognize they have a fiduciary duty to investment advisory clients. You should ask your Advisor about these incentives at the time of sale.

**Endorsements.** From time-to-time, Lincoln Investment makes lump-sum payments to education-based associations and not-for-profit organizations with a large constituency of employees who are eligible to invest in 403(b) retirement plans (Associations). In some cases, Lincoln Investment voluntarily makes such payments to reimburse the Associations for certain marketing expenses (e.g., newsletter advertisements) in connection with Lincoln's products and services. Certain Associations require Lincoln Investment to reimburse them for (1) marketing expenses; (2) use of their facilities used to meet with their employees; (3) to obtain their explicit endorsement; or (4) to cover their administrative costs for the processing of payroll contributions.

**Loans and Advances.** On occasion, Lincoln Investment may extend a loan, provide a commission advance, or pay for practice management services for an advisor to assist an advisor in running his or her business. Sometimes these loans or advances may be waived, in whole or in part, if certain sales or assets under management thresholds are met or certain practice management goals or conditions are met. In situations where a sales, assets under management threshold or other financial contingency exists, this conflict of interest will be disclosed in the Advisor's Form ADV 2B, which is required to be delivered by the Advisor to every client. Lincoln Investment supervises Advisors who have these arrangements to ensure that all advice is suitable to the client.

**Gifts and Entertainment.** Offering or receiving a gift or entertainment from a product or advisory service sponsor could create a conflict of interest. Lincoln Investment has instituted a policy that prohibits excessive and/or too frequent gifts or entertainment activities to mitigate this conflict.

**Political Contributions.** Providing significant political contributions to a state or local official or candidate could create the perception that Legend Advisory or its Advisors are seeking *quid pro quo* arrangements with that state or local government or its employees to open an account with our firm.

Lincoln prohibits contributions in excess of \$350 per election if the Advisor can vote for the candidate and \$150 per election if the Advisor cannot vote for the candidate.

**Charitable Donations.** Providing significant charitable donations to a charity organization could create the perception that Legend Advisory or its Advisors are seeking *quid pro quo* arrangements with that charity or its employees to open an account with our firm. Lincoln allows contributions to charities, but prohibits any donations that are deemed excessive or too frequent.

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

Legend Advisory and our Advisors do not receive performance based fees. A performance based fee is an advisory fee that compensates the Advisor for the Advisor's success in managing a client's money or "a fee based on the share of the capital gains and appreciation of a client's funds." A performance based fee may induce an advisor to take greater and undue risks with client's funds in an attempt to generate higher compensation to the advisor.

Your Advisory Fees with Legend Advisory are typically assessed as a percentage of the total value of your advisory account assets as of each calendar quarter-end and are not performance based fees.

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

Legend Advisory primarily serves individuals, high net worth individuals, trusts, businesses, and charitable organizations as well as the retirement assets of individuals and businesses, including, through IRC 403(b) and 457 programs, individual retirement accounts (IRAs) and employer sponsored ERISA plans. Clients may open qualified and non-qualified accounts with Lincoln Investment. Not all investors and plans, including retirement plans, are eligible to invest in one or more of Legend Advisory's programs. Please consult with your Advisor or your employer to determine if your assets are eligible to invest.

The requirements for opening an account vary by the type of account you maintain and the program you select. Legend Advisory may, from time to time, amend or waive the minimum account size for the advisory services offered. Third party managers, co-advisers and solicitors may also, from time to time, waive the minimum account size for the advisory services that they offer. There may be investment minimums imposed by the underlying mutual funds or variable annuity subaccounts purchased for your account. You will find additional information regarding such investment minimums in the prospectus for each individual mutual fund or variable annuity held in your account. You can request a prospectus from your Advisor or contact the investment company or insurance company directly. Consult with your Advisor for more information on minimum account size requirements.

The minimum initial investment required to open an account with Advisor Managed non-discretionary asset management programs are as follows:

<b>Program</b>	<b>Account Minimum</b>
Advisor Custom Portfolio (ACP)	No minimum
Investor Advantage Plus	\$50,000

The minimum initial investment required to open an account with a third-party advisory service provider is as follows:

### **Guided Portfolio Solutions (GPS)**

<b>Program Series</b>	<b>Account Minimum</b>
GPS Advisor Series	\$25,000
Allocation Series	Legend as Strategist: \$25,000 Other Strategists: \$50,000
Manager Series	Varies by manager; Range from \$25,000 to \$2,000,000.

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

### **Our Methods of Analysis**

#### **Dynamic Asset Allocation Portfolios**

In Legend Advisory's discretionary managed models that are managed by IM&R Team, Legend Advisory uses a mixture of quantitative and qualitative methods in the management of our Legend Advisory Managed Programs. Our investment discipline incorporates artificial intelligence technology to provide portfolio management and recommendations for our clients. The cornerstone of this discipline is our Asset Allocation Neural Network (AANN). A neural network is a computer system that uses mathematical algorithms to simulate the process of a biological neural network, such as the human brain.

AANN is a computer modeling system that classifies patterns and causal relationships and makes forecasts based on historical market data. AANN continuously tests its hypotheses and discards invalid assumptions while expectations that continue to be corroborated gain greater influence. Legend Advisory utilizes AANN as a tool to make predictions as to the relative strength of various domestic and global asset classes. Our Investment Management professionals feed market data into AANN to develop asset class recommendations.

For our risk-adjusted portfolios (such as our Conservative, Balanced, Total Return, Appreciation and Growth Portfolios), recommendations provided by AANN are fed into our Optimization Model. The Optimization Model provides recommended percentage weightings by asset class for each risk level model portfolio. The Optimization Model considers the investment objective(s) of a portfolio when providing such asset class weightings. The model is designed to act as a risk control mechanism by analyzing returns, per unit of risk taken, for each asset class using historical market data.

Legend Advisory may not employ AANN or the Optimization Model for all advisory portfolios. The Absolute Return Portfolio and Fixed Income Portfolio generally do not have risk tolerance constraints (i.e., there is little to no limitation as to the exposure your account will have to any given asset class), with the exception of equity exposure in the Fixed Income Portfolio where restrictions may be applied.

Legend Advisory may utilize additional neural networks to provide further direction and insight on specific asset classes. These neural networks are as follows:

- Capitalization Model: The Capitalization Neural Network is designed to predict the relative strength of domestic small-, mid- and large-capitalization equities.



- Global Equity Model (GEM) and GEM Plus: The GEM and GEM Plus Neural Networks are designed to predict the relative performance of different equity asset classes across the globe.
- Interest Rate Forecaster: The Interest Rate Forecaster is designed to predict the direction of the 10-year U.S. government bond.
- Value or Growth Neural Network: The Value or Growth Neural Network is designed to predict whether value or growth investing will outperform across domestic small-, mid- and large-capitalization equities.

Legend Advisory uses the optimized data derived from these neural networks, along with fundamental and technical analysis, to develop asset allocation recommendations for a model portfolio. Once asset allocation recommendations are developed, we utilize our Fund Selector screening program to make predictions as to the mutual funds and variable annuity sub-accounts within each asset class that will perform the best. The Fund Selector program uses variations of standard mathematical equations as well as proprietary formulas that assess fund performance consistency and measure risk. Subjective methodologies are also used to identify and compensate for specific anomalies in our quantitative research. For example, in situations where a fund has changed managers in the past year, Legend Advisory may combine performance from the manager's previous fund to gain a broader perspective of their management skills.

The Fund Selector screening program is also utilized to develop and monitor core fund recommendations for plan sponsors.

The AANN computer modeling system is utilized to manage portfolios in the following Wrap Fee programs:

- Adaptive Intelligence Models (AIM)
- Freemark
- Neuralvision
- SAM and SAM Select

### **Strategic Rebalancing Portfolios**

Legend Advisory also uses a mixture of quantitative and qualitative methods in the management of our strategic rebalancing portfolios offered through the STARS program. Our investment team monitors global economic conditions, utilizes technical analysis and reviews output from AANN to develop allocation recommendations for the STARS portfolios. We also utilize our Optimization Model when determining asset class weightings. The Fund Selector screening program is utilized when making specific fund recommendations in the portfolios. The STARS Portfolios are rebalanced semi-annually to the target allocation and reviewed annually for asset allocation changes.

### **Investment Strategies**

Legend Advisory uses asset allocation and diversification in an attempt to achieve the objectives of our model portfolios. Asset allocation involves allocating an investment portfolio among different asset classes, such as stocks, bonds and cash. Our dynamic model portfolios are proactively reallocated to reflect changes in market expectations. Dynamic asset allocation may be limited in certain portfolios,

such as the Absolute Return Portfolio and Fixed Income Portfolio. Our strategic model portfolios are periodically rebalanced to a target allocation. Diversification is the practice of spreading money among different investments to reduce risk.

For assets in one of the Legend Advisory Managed Programs, Legend Advisory may invest your assets in any asset class we deem necessary in an effort to achieve a model portfolio's objective. Such asset classes may include, but are not limited to: large-capitalization domestic equities, mid-capitalization domestic equities, small-capitalization domestic equities, high quality domestic debt, high yield domestic debt, international equities, emerging markets equities, foreign debt, real estate investment trusts, real assets, Treasury Inflation-Protected Securities, agency securities and Commercial Mortgage-Backed Securities and cash.

### **Risk of Loss**

There is no guarantee that investment recommendations made by AANN or any of our other neural networks will be accurate. AANN does not, in and of itself, make any investment decisions. Legend Advisory's Investment Committee utilizes AANN as a tool in the investment decision-making process.

Investing in securities involves risk of loss that clients should be prepared to bear. Legend Advisory cannot assure that any portfolio will increase or preserve capital or generate income, nor can we assure that the objectives of any model portfolio will be realized. Asset allocation decisions made by Legend Advisory may result in a profit or loss.

Legend Advisory may invest a portion of your assets in cash or cash equivalents to achieve a model portfolio's objective, provide ongoing distributions and/or take a defensive position. Cash holdings may result in a loss of market exposure.

As more investments are added to a portfolio, fees and expenses may increase, which will, in turn, lower investment returns. Diversification does not assure a profit or protect against a loss. Mutual funds purchased for your account may invest in different types of securities, such as value or growth stocks, real estate investment trusts, corporate bonds or U.S. government bonds. There are risks associated with each asset class.

Equity funds may include small-, mid- and large-capitalization stocks. Small- and mid-capitalization companies may have greater price volatility, lower trading volume and less liquidity than large-capitalization companies.

Mutual funds invested in fixed income securities have interest rate risk and credit risk. As interest rates rise, existing bond prices fall and can cause the value of an investment to decline. Changes in interest rates generally have a greater effect on bonds with longer maturities than on those with shorter maturities. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and/or interest payments.

Debt funds may include mortgage-backed securities and Treasury Inflation-Protected Securities (TIPS). Mortgage-backed securities are subject to greater declines in value than traditional fixed-income securities. This is primarily due to decreased prepayments when interest rates fall, which could lengthen the average life of a security. TIPS can provide a hedge against inflation, which helps preserve the purchasing power of the investment. Because of this inflation adjustment feature, inflation protected bonds typically have lower yields than conventional fixed rate bonds. These bonds will likely decline in price during periods of deflation, which could result in losses.

Mutual funds purchased for your account may invest in international securities. There are special risks associated with foreign investing, including currency fluctuations, economic instability and political developments. Fluctuations in foreign currency-denominated securities may be magnified by changes in foreign exchange rates. These risks may be magnified in emerging markets.

You will find additional information regarding these risks in the prospectus for each individual mutual fund or variable annuity subaccount held in your account. You can request a copy of a prospectus by contacting your Registered Representative or the individual investment company or insurance company directly.

Because each mutual fund within a portfolio owns different types of investments, portfolio performance will be affected by a variety of factors. The value of your account will vary from day to day as the values of the underlying investments you hold vary. Such variations generally reflect changes in interest rates, market conditions and other company and economic news. These risks may become magnified depending on how much a fund invests or uses certain strategies.

### **Item 9 - Disciplinary Information**

As a registered investment adviser, Legend Advisory is required to disclose all material facts regarding any legal or disciplinary events that are material to your evaluation of our advisory business or the integrity of our management. Legend Advisory has no material disciplinary information to disclose.

Your Advisor should provide along with this brochure a Form ADV 2B Brochure Supplement that describes your Advisor's education, business experience, professional designations and material legal or disciplinary history, if any.

### **Item 10 - Other Financial Industry Activities and Affiliations**

Legend Advisory is affiliated with two other financial services firms, including Lincoln Investment Planning, LLC, a full-service independent broker-dealer and registered investment adviser, and Capital Analysts, LLC, a registered investment adviser. Advisors of Legend Advisory are also registered representatives with Lincoln Investment and may be dually registered to offer the advisory services of Lincoln Investment and Capital Analysts, LLC. All three affiliated companies are referred to as The Lincoln Investment Companies.

#### **Advisors Other Business Activities and Affiliations**

Advisors of Legend Advisory are independent contractors, many of whom hold themselves out to the public under a name other than Legend Advisory and offer other financial services independent of Legend Advisory and Lincoln Investment, such as life, health, disability, long term care and fixed annuity insurance products, real estate, and business planning services. A few of our Advisors may also be qualified lawyers and accountants or hold certain professional designations not required by us to conduct their business. These services are offered independent of Legend Advisory as outside business activities and Legend Advisory assumes no responsibility or supervision over these activities. Please refer to the "Other Compensation and Other Conflicts of Interest" section under Item 5 of this brochure, or refer to your Advisor's ADV 2B brochure supplement, for more information regarding outside business activities and how we address these conflicts. You may go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or [www.brokercheck.finra.org](http://www.brokercheck.finra.org) for further information regarding your Advisors' other business activities or affiliations.

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

Legend Advisory is committed to the highest standards of business conduct. The conduct of each of our supervised persons is of vital importance to the firm. Accordingly, we have adopted a Code of Ethics that establishes rules of conduct for all supervised persons of Legend Advisory that is based on the following general principles:

- The duty at all times to place the interests of clients first.
- The requirement that all personal securities transactions be conducted in such a manner to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility and in a manner that does not interfere with the portfolio transactions of any client.
- The principle that investment adviser personnel should not take inappropriate advantage of their positions, or otherwise take unfair advantage of their relationship with any client.
- The principle that information concerning the identity of security holdings and financial circumstances of clients is confidential.
- The principle that independence in the investment decision-making process is paramount.

Our Code of Ethics requires compliance with applicable federal and state securities laws, rules and regulations and covers such topics as fiduciary duty to clients, personal trading and gift giving and receiving, and includes a prohibition on insider trading and manipulative practices.

You may request a full copy of Legend Advisory's Code of Ethics from your Advisor or Lincoln Investment's Compliance Department at (800) 242-1421, ext. 4300.

Legend Advisory and supervised persons of Legend Advisory may for their own accounts trade in securities which are recommended to and/or purchased for your account. Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our supervised persons will not interfere with making decisions in your best interest or implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Our Code of Ethics designates classes of securities as exempt transactions based upon a determination that such transactions would not materially interfere with your best interest. Our Code of Ethics also requires pre-clearance of certain transactions and, in certain situations, may restrict supervised persons from trading in close proximity to your trading activity. Legend Advisory periodically monitors the trading activity of certain supervised persons who (i) are deemed to have access to nonpublic information regarding any client's trading activity, (ii) are involved in making securities recommendations to clients, or (iii) have access to recommendations for clients that are nonpublic.

## **Item 12 - Brokerage Practices**

Legend Advisory utilizes its affiliate, Lincoln Investment, as its introducing broker-dealer unless specifically directed by a client or third party manager to place trades with another broker-dealer. Lincoln Investment's primary clearing arrangement is with Pershing LLC. Pershing may make a market in stocks, bonds, and ETFs in which Lincoln Investment has acted as broker. Lincoln Investment and Legend Advisory have policies and procedures in place to monitor trade execution practices at Pershing LLC to its best execution obligations with respect to these types of securities on behalf of Legend Advisory's clients. Legend Advisory does not receive "research" or higher execution costs (soft dollars) from broker-dealers in exchange for the directing of brokerage. Most transactions clear through Pershing LLC to facilitate our ability to access and properly monitor your investments.

Legend Advisory may on occasion place non-exchange traded securities transactions through its broker-dealer affiliate, Lincoln Investment, unless otherwise directed by the client. Clients have the right to utilize a broker-dealer other than Lincoln; however, Legend Advisory reserves the right to accept or reject such accounts based on its ability to provide adequate account monitoring and best execution.

### **Trade Aggregation Policy**

Offering advisory services to clients includes an obligation on the part of Legend Advisory and its Advisors to ensure that the allocation of investment opportunities or trades among its various client accounts, as well as accounts in which it (or its affiliates) has a proprietary interest, is performed in a manner that is fair and equitable in its treatment of all clients and, wherever possible, avoids conflicts of interest.

Therefore, Legend Advisory has adopted a Trade Allocation Policy to be used by Advisors who have been granted discretionary authority by their clients when placing orders in the same security on the same day for one or more clients or accounts. By aggregating orders, Advisors ensures that all clients receive that same price for the security on the same day. This policy is intended to prevent favoritism of one client over another and establish a rational and predictable fashion for the allocation of trade pricing on a given day for a given security.

Trades in the following situations will typically be aggregated:

- The Advisor recognizes ahead of time that he/she will be buying or selling the same security in more than one client account on the same day;
- The Advisor reasonably believes that aggregating may facilitate a better execution price for all clients; and
- The securities involved are exchange-traded rather than open-ended funds or annuity sub accounts.

Trades in the following situations will *not* typically be aggregated:

- Where prohibited by or inconsistent with the client's investment management agreement;
- The trade is a result of the implementation of a change of investment strategy for a specific client;
- The trade is part of a new client's account allocation;
- The trade is a result of rebalancing to an asset allocation policy pursuant to an account review with the client; and/or
- The Advisor reasonably believes that aggregating orders would adversely impact price and/or best execution for the client.

If the security to be purchased in aggregate cannot be obtained in the total quantity required, the allocation of that security will be made on a pro rata basis determined by the ratio of the quantity obtained to the share quantity required to implement the investment strategy. Each client would participate in the order at the average price for all of the transactions on a given day. The transaction cost to all advisory clients shall be the standard ticket charge for the aggregated order.

If implementing the trade requires transactions over several days, each day's execution shares and average price on all executions for that day shall be allocated by the end of each trading day or no later

than the next trading day. In the course of executing an aggregated trade, a list of clients' accounts and shares to be bought or sold is to be prepared. This is to be used in allocating the trade and the list is to be kept as a record with the original aggregated trade order. Allocation of shares, prices, and costs shall be done on a timely basis, in no event to exceed 24 hours following execution. Legend Advisory and your Advisor shall not receive any additional compensation for aggregating trades.

### **Item 13 - Review of Accounts**

#### **Account Review Policies and Procedures**

Your Advisor is responsible to ensure that the recommended advisory service is in your best interest. Many of our programs are managed to meet different levels of risk, so choosing the appropriate risk level or tolerance for market fluctuation and potential loss of investment is an important part of your decision. Furthermore, the Advisor Fee portion of your Fee compensates your Advisor for his or her services. This fee is an annual fee that continues as long as you maintain your account with us. This fee provides ongoing access to your Advisor for financial and life planning consultation, as requested by you, as well as ongoing investment advice services which include assisting you in the determination of the appropriate investment advisory investments and advisory programs for you, conversing with you on an as-needed or as requested basis, to ensure that the investments and programs continue to meet your stated objectives and needs. It is important therefore that you take the time to speak with your Advisor regarding your financial objectives and needs and particularly when there is a material life event that could affect or change your investment objectives or financial needs.

A Supervising Principal will review all advisory recommendations and financial plans prepared by your Advisor and will also provide an oversight of the recommendations and trading activities occurring in your account. If you have any questions about the trading or recommendations in your account, please call your Advisor's Designated Supervisor.

The Investment Management & Research (IM&R) Team routinely reviews the advisory services managed, sponsored, and/or offered by Legend Advisory. A description of the IM&R Team is provided in the supplement at the end of this brochure. The IM&R team performs the following roles on Legend Advisory's behalf:

- The management of all Legend Advisory Wrap Fee Programs
- The selection of advisory services offered by Legend Advisory;
- The monitoring of third party advisory services offered by Legend Advisory;
- The removal of advisory services offered by Legend Advisory;
- The comparison of advisory results to predetermined benchmarks to monitor whether investment advisers' disciplines are providing value to clients.

Legend Advisory has a supervisory duty to periodically monitor clients' portfolios to ensure suitability of investments and to ensure that the advisory services are being performed for the fee that is being assessed. A potential conflict of interest could exist if an advisory fee is not commensurate with the level of services performed, including: accounts that have traded infrequently; accounts where there is no documentation of services provided; and accounts where high cash balances exist.

#### **Written Reports**

At minimum, you will receive regular account statements, either monthly or quarterly depending on your account activity, from the custodian(s) who carry your account(s). As most Legend Advisory advised or

managed accounts are custodied at Pershing LLC, you will receive these statements directly from Pershing LLC, either in hard copy or electronic format. This statement will reflect all positions and transactions that have occurred in your account as well as identify any fees, including the advisory fee, deducted from your account.

Some Advisors and advisory services may also provide you supplemental advisory reports which may include performance reports, aggregated account reviews, or a portfolio snapshot. These supplemental reports, typically generated on a quarterly, semi-annual or annual basis, are made available to you either electronically or will be delivered to you at the time of a meeting. These supplemental reports are provided as a service to you and should not replace your custodial statement(s). We urge you to compare these supplemental reports to the account statements you receive. If you find any discrepancies, please contact your Advisor or Legend Advisory.

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

On occasion, Legend Advisory permits an Advisor to compensate an outside party (for example, an attorney or an accountant) for client referrals to one of our advisory services. The outside party must execute a Solicitor Agreement with Lincoln, and you will receive a Solicitor Disclosure Statement at the time of the referral describing the relationship and portion of your advisory fee that will be paid by us to the Solicitor. At no time will you pay a higher advisory fee as a result of this referral relationship. Legend Advisory is currently not entering into agreements with new Solicitors for new referrals.

#### **Item 15 – Custody**

You will receive monthly and/or quarterly account statements directly from your qualified custodian. Legend Advisory urges you to carefully review such statements and compare the account balances with the balances reflected on any performance reports you may receive from Legend Advisory for accuracy. Balances on our reports may vary from the statements you receive from your custodian due to differences in reporting dates or other operational factors. You should notify Legend Advisory or your Advisor promptly if you do not receive account statements from your custodian at least quarterly, or you believe the information on your statement is inaccurate.

On May 8, 2017, Deloitte & Touche LLP issued its opinion based on a Custody Audit of Legend Advisory stating that Legend Advisory was in compliance with the Custody Rules under the Investment Advisers Act of 1940 as of September 30, 2016, and had complied with Rule 204-2(b) for the period from January 1, 2016 through September 30, 2016 in all material respects except that Legend Advisory did not promptly transmit customer funds received into customer accounts within its prescribed time frame for processing funds. This exception was corrected as of December 1, 2016.

#### **Item 16 - Investment Discretion**

For our discretionary asset management programs, Legend Advisory has discretionary authority to select the securities and amount of securities to be bought, sold or exchanged. Clients grant this authority (limited power of attorney) to Legend Advisory in their written advisory agreement. Legend Advisory exercises such discretion in a manner consistent with the risk and investment objectives of the particular model portfolio and program selected by the client, along with any reasonable restriction imposed by the client on the management of their account. In the GPS Allocation Series and Manager Series,

discretionary authority is assigned to the third-party Strategist and/or Manager selected to manage your account.

If you would like to place any reasonable restrictions on the management of your account, you may do so by contacting us, in writing, at Legend Advisory, Attention: Operations Department, 601 Office Center Drive Suite 300 Fort Washington, PA 19034. Your account may not be accepted or may be terminated if we deem an imposed restriction to be unreasonable (for example, if the restriction is clearly inconsistent with the portfolio's stated investment strategy or philosophy of your stated investment objective, the restriction is fundamentally inconsistent with the nature or operation of the firm's asset allocation program, etc.). In such a situation, Legend Advisory shall provide you with the opportunity to modify or withdraw the unreasonable restriction before rejecting or terminating your account.

#### **Item 17 - Voting Client Securities**

Neither your Advisor nor Legend Advisory will assume authority to and does not vote proxies on your behalf. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your account, with the exception of the GPS Allocation Series and Manager Series where proxy voting may be assigned to the Strategist or third-party Manager utilized for your account. Legend Advisory as a Strategist in the GPS Allocation Series will not accept proxy voting on behalf of its investors. You will receive proxy statements directly from your custodian or the investment company. If you are responsible for receiving and voting proxies for the securities maintained in your account, Legend Advisory may provide advice to you regarding proxy voting at your request. You may change a third-party manager's voting authorization at any time by contacting us, in writing, at Legend Advisory, Attention: Operations Department, 4600 East Park Drive, Suite 300, Palm Beach Gardens, FL 33410.

#### **Item 18 - Financial Information**

Legend Advisory has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, has not been the subject of a bankruptcy proceeding and does not require prepayment of fees greater than \$1,200 per client six months or more in advance.





Legend Advisory, LLC  
Wrap Fee Program Brochure

**As of March 29, 2018**

Principal Office:

4600 East Park Drive, Suite 300  
Palm Beach Gardens, FL 33410  
866.774.8671

You may also visit us on the web at [www.legendadvisory.com](http://www.legendadvisory.com).

This Brochure provides information about the qualifications and business practices of Legend Advisory, LLC, a registered investment adviser with the U.S. Securities and Exchange Commission (SEC). If you have any questions about the contents of this Brochure, please contact us at (866) 774-8671. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. Furthermore, registration with the SEC does not imply a certain level of skill or training.

Additional information about Legend Advisory, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

*For material changes in Legend Advisory, LLC's investment advisory services and operations since its last Form ADV2A annual amendment in March 2017, see page 2 of the attached Legend Advisory Investment Advisory Disclosure Brochure – Form ADV Part 2A. This information is being provided so that you can continue to make informed decisions about your investments with Legend Advisory, LLC.*

### **Material Changes to Item 4, Services, Fees and Compensation**

#### Adaptive Intelligence Models (AIM) and Advisor Custom Portfolios (ACP)

In October 2017, Legend Advisory added two new investment advisory services on the Pershing platform. The Adaptive Intelligence Models (AIM) is a Legend Advisory Managed Portfolio designed to meet a specific discipline and risk level managed by Legend Advisory. The Advisor Custom Portfolio (ACP) is an Advisor Managed offering to assist clients in the construction of an investment portfolio based on the financial situation, risk tolerance, and investment objective of the client.

Fees, Conflicts of Interest, Compensation and Understanding Share Classes in Legend Advisory Accounts  
12b-1 Fees. An expense within some mutual fund share class offerings is a Mutual Fund Distribution Fee, also called a 12b-1 Fee, which is paid to Lincoln Investment, Legend Advisory's broker-dealer affiliate. For assets held on the Pershing LLC platform, the amount of the 12b-1 fee received by Lincoln Investment will be refunded directly to your Pershing account. You may still incur a 12b-1 fee expense for any portion of the 12b-1 fee not paid to Lincoln Investment. The refunding of 12b-1 fees will alleviate the potential conflict of interest associated with Legend Advisory's affiliate receiving this third party compensation and will also reduce the expense to you associated with purchasing a mutual fund share class which includes a 12b-1 fee expense.

Mutual funds have multiple share classes. The expense ratio of a fund is disclosed in the fund's prospectus and annual reports and generally reflects the annual operating costs of the fund, assessed as a percentage of a fund's average assets. The expense ratio within a mutual fund share class can fluctuate from what is shown in a prospectus for the fund offering and annual report and can vary over time and from year to year. A fund that was deemed to have a lower expense ratio at the time of purchase may not actually maintain that expense ratio during the time that the fund is held and new fund share classes may become available with different expense ratios.

Share class selection for your advisory accounts will be based on a range of factors. Legend Advisory does not make all share classes available to your advisory accounts. While Legend Advisory will generally seek to designate a single share class of a mutual fund for purchase in your advisory accounts, designated share classes will likely vary among custodial platforms and more than one share class can be purchased and held in advisory accounts. Factors we consider in share class selection, include, but are not limited to, the net expense ratio of the share classes, an expense tracking error of ten basis points (0.10 %) based on the prospectus net expense ratio as provided by Morningstar, prospectus 12b-1 distribution fee as provided by Morningstar, whether a portfolio is a discretionary managed portfolio or a non-discretionary managed portfolio, the availability of share classes on various custodial platforms, whether particular share classes are subject to transaction fees ("TF") or do not have transaction fees ("NTF"), operational considerations such as share class consistency within a fund family on a particular custodial platform (as described below), the availability of account minimum waivers, tax and other circumstances that are unique to particular clients. Expense tracking error refers to an acceptable margin that Legend Advisory considers when comparing share class costs since share class expense ratios can fluctuate over time. Share class consistency refers to the objective of utilizing the same share class for all or a majority

of the mutual funds within a fund family on a particular custodial platform to support consistency and efficiency. This objective may not always be achieved and more than one share class could be purchased and held. Generally, Legend Advisory will only consider a share class for share class consistency if the differential between the share classes being considered is ten basis points (0.10%) or less based on the prospectus net expense ratio as provided by Morningstar, taking into account the prospectus 12b-1 distribution fee as provided by Morningstar. If not within this range, then multiple share classes of a fund family could be available on a custodial platform.

Generally, only NTF funds will be available for new fund purchases in your advisory accounts. However, TF funds will be purchased if the NTF fund in the same mutual fund is not available on the applicable custody platform, subject to the purchase being eligible for investment minimums or investment waivers. A fund share class on one custodian's platform may be an NTF fund while on a different custodian's platform may be a TF fund, or vice versa. The expense ratio for TF funds will generally be lower than that for NTF funds, but the purchase and sale of TF funds is subject to additional transaction fees and other charges that increase the cost of investment. Trading in TF funds can increase cost to both the client and/or the firm depending on the level of trading in the account. Legend Advisory and its Advisors are not under an obligation to pay the transaction fees and other charges associated with investments in TF funds on your behalf, unless you are in a Wrap Fee Program. However, if Legend Advisory does assume these costs, then it has a financial incentive to select NTF funds in its Wrap Fee programs to avoid paying or to lower mutual fund transaction charges. This creates a conflict of interest for Legend Advisory to select a NTF mutual fund in a Wrap Fee program because Legend Advisory would incur less expense and generate more revenue than if Legend Advisory selected a TF fund. When selecting a share class of a mutual fund for its platform and when recommending a mutual fund to you, Legend Advisory and your Advisor have a conflict of interest because the selection or recommendation of a more expensive share class results in greater net after cost compensation to Legend Advisory. The use of NTF funds can serve to minimize the potential for an overall increase in advisory fees charged to clients. If Legend Advisory or your Advisor were to incur transaction fees, Legend Advisory and/or your Advisor would likely charge higher advisory fees or increase other charges to clients for the services provided.

Legend Advisory and your Advisor can purchase, hold, and recommend mutual fund investments in share classes in your advisory accounts that are not the lowest cost share class. You should not assume that you are invested in the lowest cost share class, and the share class of a mutual fund offered by Legend Advisory can have higher expenses and therefore lower returns, which could impact performance over time, than other share classes of that mutual fund for which you are eligible or that may otherwise be available to you if you invested in the mutual fund through a third party or through the mutual fund directly. Other financial services firms may offer the same mutual fund at a lower overall cost to the investor than is available through your account.

Legend Advisory may, in its discretion, determine to convert your mutual fund positions held in one share class to a different share class. Such share class conversions will occur as deemed appropriate by Legend Advisory and will be reflected on your account statement. Legend Advisory will consider various factors when considering share class conversions in your advisory accounts, including but not limited to, the net expense ratio of the share classes, whether your account is subject to taxation, the difference in the expense ratio between share classes and whether the difference exceeds an expense tracking error of ten basis points (0.10%) based on the prospectus net expense ratio as provided by Morningstar, the prospectus 12b-1 distribution fee as provided by Morningstar, operational considerations such as share class consistency, your investment preferences and the amount of potential taxable gains or losses to which you could be subject. The ability and length of time to effect a share class conversion will vary by

custodial platform and is subject to prospectus requirements and custodial platform approval. Legend Advisory will periodically compare the share classes of your funds with the share classes offered by the fund and available to the firm and your account. If, as a result of such review, the Firm initiates a share class conversion, the new share class will appear on your account statement. Legend Advisory will not consider converting your mutual fund position held in a lower expense share class of the same fund to a more expensive share class of the same fund unless the difference between the lower expense share class and the more expensive share class is less than or equal to the expense tracking error of ten basis points (0.10%) based on the prospectus net expense ratio as provided by Morningstar, taking into account the prospectus 12b-1 distribution fee as provided by Morningstar. Through the conversion process, you should not assume that you are or will be invested in the lowest expense share class, and the share class of a mutual fund offered by Legend Advisory can have higher expenses, and therefore lower returns, which can impact performance over time, than other share classes of that mutual fund for which you are eligible or that may otherwise be available to you if you invested in the mutual fund through a third party or through the mutual fund directly.

We are currently implementing the mutual fund share class selection process described above for new funds that are added to our advisory platforms. We are simultaneously reviewing existing positions to apply these mutual fund share class selection and conversion factors to current fund holdings. This review process is ongoing and is expected to be completed by September 2018. Third-party investment managers that provide model portfolios or manage client accounts on a discretionary basis will follow their own share class selection practices.

When determining the reasonableness of any fees and expenses you agree to pay to Legend Advisory, you should consider both the fees and expenses that Legend Advisory charges to your account for its services and those of your Advisor, as well as any indirect fees and expenses that you pay in connection with any investment in share classes of mutual funds that bear expenses greater than other share classes for which are otherwise eligible. Information about the mutual funds and share classes that are available through your account, including their investment policies, restrictions, charges, and expenses, is contained in the mutual funds' prospectuses. You should read these prospectuses carefully. Please contact your Advisor for additional information on share class selection practices and related fees and expenses.

#### Other Compensation

For advisory accounts introduced to Pershing LLC, Pershing shares revenue with Lincoln Investment, as introducing broker-dealer, an affiliate of Legend Advisory, LLC, based on total assets and total investor accounts of Legend Advisory held at Pershing ("Other Fees") pursuant to a written agreement with Pershing, LLC. This revenue is not shared with your Advisors. Lincoln Investment also receives revenue derived from money market fund distribution assistance associated with Legend Advisory accounts maintained at Pershing. This revenue is not shared with your Advisors. The receipt of the Other Fees and money market distribution assistance revenue by our affiliate, Lincoln Investment, creates a conflict of interest to Legend Advisory to use Pershing as a custodian over other custodians that do not share revenue with Lincoln Investment. We do not believe these conflicts are material to Legend Advisory or its affiliate, Lincoln Investment. The receipt of this revenue by Lincoln Investment as allocated to Legend Advisory represented approximately 1.3% of Legend Advisory's 2017 total revenue. This revenue was not shared with Advisors.

**Material Changes to Item 15, *Additional Information***

Custody Audit of Legend. On May 8, 2017, Deloitte & Touche LLP issued its opinion based on a Custody Audit of Legend Advisory stating that Legend Advisory was in compliance with the Custody Rules under the Investment Advisers Act of 1940 as of September 30, 2016, and had complied with Rule 204-2(b) for the period from January 1, 2016 through September 30, 2016 in all material respects except that Legend Advisory did not promptly transmit customer funds received into customer accounts within its prescribed time frame for processing funds. This exception was corrected as of December 1, 2016.

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#### Brochure Supplement(s) Included:

- Form ADV Part 2A dated March 29, 2018
- Investment Management & Research Team Brochure Supplement (Form ADV Part 2B)

**Legend Advisory Form ADV Part 2A, Items 1-Item 17, is included and to be delivered together with this Legend Advisory Form ADV Part 2A – Appendix I Brochure**

## **Item 4 - Services, Fees and Compensation**

*This section will describe the wrap fee programs offered by Legend Advisory, LLC (Legend Advisory), how we tailor these programs to your individual needs, and which of our wrap fee programs allows you to impose investment restrictions. This section also provides a description of our wrap fees, how and when these wrap fees are collected, and if refunds are available. Other types of fees and expenses that you may incur are described below in the section titled "Other Costs That You May Incur." Other types of compensation that Legend Advisory and your Advisor may receive, which may create a conflict of interest, are described below in the section titled, "Other Compensation to Legend Advisory and Our Conflicts of Interest."*

### **General Information Regarding Wrap Fee Programs**

A Wrap Fee Program is an investment advisory program in which you pay one bundled fee to compensate Legend Advisory and your Advisor for their services and to pay the transaction and clearing costs associated with transactions in your advisory account. Legend Advisory offers an unbundled fee (non-wrap) where you would pay a fee to compensate Legend Advisory and your Advisor for their services, but you would pay separately the transaction and clearing costs associated with the trading in your account. These services are described in Legend Advisory's Form ADV Part 2A Brochure.

Legend Advisory's Wrap Fee Programs are offered on Pershing LLC, a brokerage platform where securities such as stocks, bonds, ETFs and options, all of which have trading costs associated with them, are offered. The Wrap Fee is not based directly upon the actual transaction or execution costs of the transactions in your account. Wrap Fee Program may also be available on other platforms such as Fidelity and Charles Schwab & Co.

Depending on the underlying investments and amount of transactions you expect to be executed in your account, a Wrap Fee account may cost you more or less than if you chose another Legend Advisory program that does not offer a Wrap Fee, or if you chose to pay separately for all of your transaction costs (e.g., pay the advisory fee plus all ticket charges).

Similarly, if you are interested in a mutual fund-only portfolio, then a Wrap Fee Program may not be the lowest cost option for you. Pershing LLC offers many mutual funds with no transaction fees. Your Advisor will review your investment objectives with you to determine the best offering for you.

If the pricing structure of a Wrap Fee Program is suited to your needs, your Advisor will work with you to recommend one or more specific Wrap Fee Program(s) based on your confidential investor profile, in which you provide to Legend Advisory and your Advisor personal and financial information including, but not limited to, your investment goals, income requirements, time horizon, and tolerance for risk in order to tailor his or her recommendations to your needs and objectives.

You may have the opportunity to place reasonable restrictions on the types of investments that are purchased in certain Wrap Fee Programs. Please contact your Advisor to discuss any allowable investment restrictions in the Wrap Fee Program(s) you have selected. Further details regarding your specific Wrap Fee Program can be found in your investment management agreement.

You could purchase services similar to those offered in Legend Advisory's Wrap Fee Programs separately from affiliated and unaffiliated financial services providers. Wrap Fee Programs may cost you more or

less than purchasing the services from another investment adviser. Some cost factors to consider, other than the Wrap Fee itself, when considering an advisory offering includes:

- Account custody fees
- Account maintenance and special handling fees, such as wire funds fees
- Volume of trading activity anticipated in your account
- Commissions or ticket charges to be paid in lieu of a Wrap Fee
- Account termination fees
- Account statement and confirmations fees

Legend's Advisory Programs managed with discretionary authority are Wrap Fee Programs where you pay one fee to compensate Legend Advisory, your Advisor and cover the clearing and transaction costs associated with your advisory account. Pershing assesses supplemental charges for the following: short term trading, ticket charges imposed if certain investment minimums are not met, and Pershing imposes surcharges when purchasing certain no-load or low cost mutual funds or index funds. There is a potential material financial incentive for Legend Advisory and its affiliate, Lincoln Investment, to not acquire the mutual funds that have these supplemental or surcharge fees, as these would be an additional direct expense to Lincoln Investment under the wrap fee arrangement with you. This conflict may result in Legend Advisory to avoid purchasing these funds in discretionary managed portfolios, and Advisors to avoid recommending those funds that have these additional fees. The Wrap Fee you pay is not based directly upon the actual transaction or execution costs of the transactions in your account. You could purchase similar services for a lower cost from affiliated and unaffiliated investment advisers. For advisory accounts introduced to Pershing LLC as the clearing firm, Pershing shares revenue with Lincoln Investment, as introducing broker-dealer, an affiliate of Legend Advisory, LLC based on total assets and total investor accounts. The receipt of this revenue by our affiliate, Lincoln Investment, creates a potential conflict of interest to Legend Advisory to use Pershing as a custodian over other custodians that do not share these fees.

Your Advisor receives a portion of the Wrap Fee you pay. The amount of this compensation may be more than what your Advisor would receive from other advisory services offered by Legend Advisory, or more than if you paid separately for investment advice, brokerage, and other services. Your Advisor may have an incentive to recommend a Wrap Fee Program over other programs or services.

### **Description of Wrap Fee Programs and Fees**

Legend Advisory sponsors the following Wrap Fee Programs:

- I. Adaptive Intelligence Models (AIM) – Pershing
- II. Freemark
  - a. Freemark Allegiance – Fidelity
  - b. Freemark Liberty – Schwab
    - i. Freemark Liberty Series
    - ii. Freemark Liberty Series Fixed Income
    - iii. Freemark Liberty Series Personal Choice Retirement Account (PCRA)
  - c. Freemark Victory – Security Benefit Life EliteDesigns®
    - i. Freemark Victory Series
- III. Strategic Asset Rebalancing Solutions (STARS) – Pershing



- IV. SAM and SAM Select –Security Benefit Life
- SAM<sup>®</sup> Security Benefit Life Advisor Program Option 4
  - SAM<sup>®</sup> Select Security Benefit Life Advisor Program Option 4
  - SAM<sup>®</sup> Security Benefit Life SecureDesigns Option D
  - SAM<sup>®</sup> Select Security Benefit Life SecureDesigns Option D

The tables below provide a comparison of the Legend Advisory Managed Wrap Fee Programs sponsored by Legend Advisory. Legend Advisory Managed Wrap Fee Programs are exclusively managed on a discretionary basis by Legend Advisory’s Investment Management & Research (IM&R) Team.

Investment Vehicle	Mutual Fund Portfolios			
Series Name	Adaptive Intelligence Models (AIM)	SAM <sup>®</sup> /SAM <sup>®</sup> Select	Freemark	STARS
<b>Description</b>	A series of portfolios, ranging from conservative to aggressive, that utilize dynamic asset allocation, professional securities selection and progressive portfolio management.	A series of portfolios, ranging from conservative to aggressive, that utilize dynamic asset allocation, professional securities selection and progressive portfolio management	A series of portfolios, ranging from conservative to aggressive, that utilize dynamic asset allocation, professional securities selection and progressive portfolio management.	A series of portfolios that are rebalanced semi-annually and reviewed annually for asset allocation changes.
<b>Portfolio Management</b>	Tactical	Tactical	Tactical	Strategic
<b>Custodian (when applicable)</b>	Pershing	<b>Security Benefit Advisor Program Option 4</b> (Qualified only)	<b>Allegiance – Fidelity Liberty – Schwab</b>	Pershing
<b>Minimum Investment</b>	<b>All Accounts:</b> \$5,000	<b>Qualified Accounts (not available with IRA account types):</b> SAM: closed to new accounts SAM Select: closed to new accounts <b>Non-Qualified Accounts:</b> closed to new accounts	<b>Allegiance – \$5,000 Liberty – \$25,000 Liberty PCRA – \$10,000</b>	<b>Qualified Accounts:</b> No minimum if account is established with \$100 per contribution systematic investment (if no systematic investment, minimum is \$5,000) <b>Non-Qualified Accounts:</b> \$5,000
<b>Maximum Annual Client Fee</b> <i>(see fee reference guide for details)</i>	Maximum 1.90% advisory fee that includes: • 0.65% Legend Advisory Fee (covers management, program trading and clearing fee) • 1.25% IAR fee (negotiable)  Annual \$40 retirement plan custodial fee (qualified accounts) or annual \$40 administrative fee (non-qualified accounts)	<b>SAM:</b> Non-Qualified 2.00% Qualified 2.00% (includes custodial fee of 0.50%) <b>SAM Select:</b> \$0–\$150,000 2.25% \$150,000–\$500,000 2.00% \$500,000–\$1,000,000 1.75% \$1,000,000+ 1.50% (includes custodial fee of 0.50%) <b>Security Benefit Advisor Program Option 4</b> 2.00% <b>SAM Fixed Income:</b> Non-Qualified 1.25% Qualified 1.25%	<b>All Portfolios except Fixed Income:</b> First \$500,000 2.25% Next \$500,000 2.00% Next \$1,000,000 1.50% Thereafter Negotiable <b>Fixed Income Portfolio:</b> First \$2,000,000 1.25% Thereafter Negotiable	Maximum 1.50% advisory fee that includes: • 0.17% platform fee (covers clearing and custodial charges) • 0.25% strategist fee (covers investment management services) • 1.08% IAR fee (negotiable) \$30 retirement plan account maintenance fee for qualified accounts
<b>Fee Discounting Available</b>	Yes	No	Yes except <b>Fixed Income</b>	Yes
<b>Portfolio Models</b>	Fixed Income, Conservative, Managed Income, Balanced, Total Return, Appreciation, Growth, Absolute Return	Fixed Income, Conservative, Balanced, Total Return, Appreciation & Growth <b>Portfolio availability varies by program.</b>	Fixed Income, Conservative, Balanced, Total Return, Appreciation, Growth, Absolute Return & Managed Income <b>Portfolio availability varies by program.</b>	I-V

<b>Investment Vehicle</b>	<b>Variable Annuity Portfolios</b>
<b>Series Name</b>	<b>Freemark &amp; SAM®/SAM® Select</b>
<b>Description</b>	A series of portfolios, ranging from conservative to aggressive, that utilize dynamic asset allocation, professional securities selection and progressive portfolio management. Overlaid on various VA contracts.
<b>Portfolio Management</b>	Tactical
<b>Custodian (when applicable)</b>	<b>Freemark Victory:</b> Security Benefit-EliteDesigns  <b>SAM/SAM Select:</b> Security Benefit SecureDesigns Option D
<b>Minimum Investment</b>	<b>Freemark Victory:</b> \$50,000 EliteDesigns <b>SAM/SAM Select:</b> \$10,000
<b>Maximum Annual Client Fee</b> <i>(see fee reference guide for details)</i>	<b>Freemark Victory:</b> First \$500,000 2.25% Next \$500,000 2.00% Next \$1,000,000 1.50% Thereafter Negotiable  <b>SAM:</b> 1.50% <b>SAM Select:</b> \$0-\$150,000 1.75% \$150,000-\$500,000 1.50% \$500,000-\$1,000,000 1.25% \$1,000,000+ 1.00%
<b>Fee Discounting Available</b>	<b>Freemark Victory:</b> Yes <b>SAM/SAM Select:</b> No
<b>Portfolio Models</b>	Portfolio availability varies by insurance company.

The Wrap Fee amounts provided below represent the maximum annual fee that may be charged. The services and costs covered by the Wrap Fee are:

- Your Legend Advisor’s Annual Investment Advice Services Fee;
- Legend Advisory’s IM&R Team Annual Advisory Management Fee;
- Pershing LLC Transaction and Clearing costs associated with IM&R initiated transactions in the account (ticket charges and confirmation fees);
- Short term trading costs imposed by mutual funds if IM&R moves in and out of a fund within a specified short time frame;
- Charges imposed if certain investment minimums are not met by IM&R; and
- Surcharges imposed when IM&R purchases no-load or low cost mutual funds or index funds;

Legend Advisory managed portfolios are offered primarily as Wrap Fee Programs. A Wrap Fee Program is an investment advisory program in which you pay one bundled fee to compensate Legend and your Advisor for their services and to compensate the Custodian for transaction and clearing costs associated with trades in your Legend Program account(s). In addition to the Wrap Fee Program other costs may include, but are not limited to, qualified retirement plan annual account fees, account administration fees, and account termination fees. Independent of the investment advisory fees, you may also incur other indirect expenses and fees including, but not limited to, the internal management fees associated with a mutual fund.

When you select a Legend Advisory Managed Wrap Fee Program, you must authorize, in writing, full discretionary trading authority to the Investment Management & Research (IM&R) Team. “Full discretion” means Legend Advisory may place any security transactions in your account without specific consultation with or authorization by you prior to the transactions being entered. Custody and clearing services for Legend Advisory portfolios are performed on one or more custodians.

The Legend Advisory Management Fee varies depending on the Legend Advisory Managed Wrap Fee Program selected. See the table above, as well as the descriptions below, for the Legend Advisory Management Fees for each Legend Advisory Wrap Fee Program. Unless otherwise stated, all fees are negotiable at Legend Advisory’s sole discretion. The Legend Advisory Management Fee schedules reflected below are graduated fee schedules applied to your assets under management. They do not represent breakpoints.

All Legend Advisory Managed Wrap Fee Programs are managed as Model Portfolios which means the portfolio is managed to the stated objectives of the portfolio, not to you or your individual needs and objectives. Details regarding each Legend Advisory Managed Wrap Fee Program are below.

The Investment Management & Research (IM&R) Team’s background is described in more detail in the ADV 2B Brochure Supplement to this brochure. Please refer to the specific Wrap Fee Program heading below for further information regarding the management and costs of the program you are considering.

The investment discipline utilized in the management of the Legend Advisory model portfolios uses a mixture of quantitative and qualitative methods. The investment discipline incorporates artificial intelligence technology to provide portfolio management decisions. The cornerstone of this discipline is our Asset Allocation Neural Network (AANN) computer modeling system. A neural network is a computer system that uses mathematical algorithms to simulate the process of a biological neural network, such as the human brain, classifying patterns and causal relationships and making forecasts based on historical market data. Legend Advisory then adopts this discipline to manage portfolios at different risk levels. Legend Advisory may not employ AANN for all managed portfolios. Please see Legend Advisory’s Form ADV Part 2 A, Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss for additional information on our investment discipline and strategies.

Legend Advisory Managed assets are primarily custodied at Pershing LLC, but some advised assets for retirement sponsored plans where Legend Advisory’s services are offered, are custodied at one or more approved custodians or institutional platforms including, but not limited to, Charles Schwab & Co., and Fidelity Brokerage Services. Managed assets may also be held with a product sponsor, such as, Security Benefit Life, Great American Life, Nationwide Financial, Prudential, and Valic.

## **I. Adaptive Intelligence Models (AIM)**

The Adaptive Intelligence Models are composed of a series of model portfolios designed to meet the discipline and risk level of the model portfolio chosen. Legend Advisory allocates the model portfolios in the Adaptive Intelligence Model program using no-load and load-waived mutual funds within a single-fund family series or multi-fund family series available through Pershing’s mutual fund platform. Assets in AIM are custodied at Pershing.

- Model Portfolio Names: Fixed Income, Conservative, Managed Income, Balanced, Total Return, Appreciation, Growth, and Absolute Return

Assets Under Management	Maximum Management Fee*
\$0.00 to \$500,000.00	1.90% annually
\$500,000.01 to \$1,000,000.00	1.65% annually
\$1,000,000.01 and above	1.38% annually

\* Additional annual administrative fee of \$40.00 applies per account

## II. Freemark

The Freemark Program is composed of a series of portfolios designed to meet your individual preferences and/or circumstances. These series include:

### a. Freemark Allegiance Series

*The Allegiance Series:* Legend Advisory allocates the model portfolios in the Allegiance Series using the investment options available in a retirement plan. The Allegiance Series is available for ERISA 403(b) and 401(a) plan types only. Assets in the Allegiance Series are custodied at Fidelity Investments.

- Freemark Allegiance, max fee 2.25%
- Portfolio Names: Conservative, Balanced, Total Return, Appreciation and Growth

Assets Under Management	Maximum Management Fee
\$0.00 to \$500,000.00	2.25% annually
\$500,000.01 to \$1,000,000.00	2.00% annually
\$1,000,000.01 to \$2,000,000.00	1.50% annually
\$2,000,000.01 and over	Negotiable

### b. Freemark Liberty Series

*The Liberty Series:* Legend Advisory allocates the model portfolios in the Liberty Series using Schwab OneSource no-load mutual funds within a multi-fund family series. You may also elect to restrict your investments exclusively to American Funds. Assets in the Liberty Series are custodied at Charles Schwab. Multi-fund family series utilizes mutual funds available through Charles Schwab's One Source platform.

- Freemark Liberty Fixed Income, max fee 1.25%

Assets Under Management	Maximum Management Fee
\$0.00 to \$2,000,000.00	1.25% annually
\$2,000,000.01 and over	Negotiable

- Freemark Liberty, max fee 2.25%
- Portfolio Names: Conservative, Balanced, Total Return, Appreciation, Growth and Managed Income

<b>Assets Under Management</b>	<b>Maximum Management Fee</b>
\$0.00 to \$500,000.00	2.25% annually
\$500,000.01 to \$1,000,000.00	2.00% annually
\$1,000,000.01 to \$2,000,000.00	1.50% annually
\$2,000,000.01 and over	Negotiable

c. Freemark Liberty PCRA

*The Liberty PCRA Series:* Legend Advisory allocates the model portfolios in the Liberty Series using Schwab OneSource no-load mutual funds within a multi-fund family series to participants in the New York State Deferred Compensation §457 Plan that have a Personal Choice Retirement Account (PCRA) through Charles Schwab.

Multi-fund family series utilizing funds available on Charles Schwab’s OneSource Platform. Limited to Schwab retirement plan participants whose plans contain the self-directed PCRA option.

Schwab assesses a one-time \$15 set-up fee and a \$15 annual maintenance fee for a PCRA. Such fees will be deducted from the participant’s assets within his/her core plan account immediately after the PCRA is established. The \$15 annual maintenance fee will continue to be deducted from the core plan assets for as long as the account remains open.

- Freemark Liberty PCRA, max fee 2.25%
- Portfolio Names: Conservative, Balanced, Total Return, Appreciation, and Growth

<b>Assets Under Management</b>	<b>Maximum Management Fee</b>
\$0.00 to \$500,000.00	2.25% annually
\$500,000.01 to \$1,000,000.00	2.00% annually
\$1,000,000.01 to \$2,000,000.00	1.50% annually
\$2,000,000.01 and over	Negotiable

d. Freemark Victory Series

*The Victory Series:* Legend Advisory allocates the model portfolios in the Victory Series within the sub-accounts available in fee-only variable annuities available through Security Benefit Life Insurance Company’s EliteDesigns® program.

Utilizes sub-accounts available within Security Benefit’s EliteDesigns® variable annuity.

- Freemark Victory, max fee 2.25%
- Portfolio Names; Conservative, Balanced, Total Return, Appreciation and Growth

<b>Assets Under Management</b>	<b>Maximum Management Fee</b>
\$0.00 to \$500,000.00	2.25% annually
\$500,000.01 to \$1,000,000.00	2.00% annually
\$1,000,000.01 to \$2,000,000.00	1.50% annually
\$2,000,000.01 and over	Negotiable

### III. Strategic Asset Rebalancing Solution (STARS)

Legend Advisory allocates the model portfolios in STARS using no-load and load-waived mutual funds available through Pershing’s open architecture FundCenter platform. The portfolios are rebalanced semi-annually and reviewed annually for asset allocation changes. Assets in the STARS program are custodied at Pershing.

Multi-fund family series that utilizes index mutual funds available through Pershing’s mutual fund platform.

- STARS, max fee 1.50%
- Portfolio Names; STARS I, STARS II, START III, STARS IV, STARS V

<b>Fee Type</b>	<b>Maximum Management Fee</b>
Base Program Fee	0.17% annually
Strategist Fee	0.25% annually
Advisor Fee	1.08% annually
<b>Total Maximum Fee</b>	<b>1.50% annually</b>

### IV. SAM® and SAM® Select

Legend Advisory allocates the model portfolios in SAM® and SAM® Select using no-load and load-waived mutual funds within the fund family or variable annuity you select at account opening.

- a. SAM® Security Benefit Life Advisor Program Option 4
  - SAM® Security Benefit Life Advisor Program Option 4, max fee 2.00%
  - Portfolio Names; Conservative, Balanced and Total Return

<b>Assets Under Management</b>	<b>Maximum Management Fee</b>
All assets	2.00% annually

b. SAM<sup>®</sup> Select Security Benefit Life Advisor Program Option 4

- SAM<sup>®</sup> Select Security Benefit Life Advisor Program Option 4, max fee 2.25%
- Portfolio Names; Appreciation and Growth

<b>Assets Under Management</b>	<b>Maximum Management Fee</b>
\$0.00 to \$150,000.00	2.25% annually
\$150,000.01 to \$500,000.00	2.00% annually
\$500,000.01 to \$1,000,000.00	1.75% annually
\$1,000,000.01 and over	1.50% annually

c. SAM<sup>®</sup> Security Benefit Life SecureDesigns Option D

- SAM<sup>®</sup> Security Benefit Life Secure Design D, max fee 1.50%
- Portfolio Names; Balanced and Total Return

<b>Assets Under Management</b>	<b>Maximum Management Fee</b>
All assets	1.50% annually

d. SAM<sup>®</sup> Select Security Benefit Life SecureDesigns Option D

- SAM<sup>®</sup> Select Security Benefit Life Secure Design D, max fee 1.75%
- Portfolio Names; Appreciation and Growth

<b>Assets Under Management</b>	<b>Maximum Management Fee</b>
\$0.00 to \$150,000.00	1.75% annually
\$150,000.01 to \$500,000.00	1.50% annually
\$500,000.01 to \$1,000,000.00	1.25% annually
\$1,000,000.01 and over	1.00% annually

Investment advice provided by Legend Advisory in our discretionary asset management programs is limited to investment in mutual funds and variable annuity sub-accounts. Legend Advisory and our Advisors may also provide advice on the selection of third-party strategists or managers for your account, who may invest your assets in other security types.

Description of Portfolio Names for our *Tactical* Portfolio Management Offerings: Adaptive Intelligence Model, Freemark Allegiance Series, Freemark Liberty Series, Freemark Victory Series, Neuralvision, SAM®, SAM® Select, and GPS Allocation Series.

Portfolio Name	Portfolio Objective
Fixed Income	The Fixed Income Portfolio is designed for clients who seek reduced volatility and want exposure to funds which invest primarily in non-equity asset classes.
Conservative	The Conservative Portfolio is designed for clients with a low tolerance for risk. Legend Advisory, LLC generally allocates the Conservative Portfolio more heavily in debt funds while maintaining some exposure to equity funds.
Balanced	The Balanced Portfolio is designed for clients who seek a risk-adjusted, market based return. Legend Advisory, LLC may allocate the Balanced Portfolio more heavily in either debt or equity funds, depending on our market outlook.
Total Return	The Total Return Portfolio is designed for clients with a moderate tolerance for risk. Legend Advisory generally allocates the Total Return Portfolio more heavily in domestic and international equity funds while maintaining some exposure to domestic and international debt funds.
Appreciation	The Appreciation Portfolio is designed for clients with a high tolerance for risk and an aggressive investment objective. Legend Advisory generally allocates the Appreciation Portfolio predominately in domestic and international equity funds with less exposure to domestic and international debt funds.
Growth	The Growth Portfolio is designed for clients with a higher tolerance for risk and a more aggressive investment objective. Legend Advisory generally allocates the Growth Portfolio primarily in domestic and international equity funds and does not normally make any material allocations to debt funds.
Managed Income	The Managed Income Portfolio is designed for clients who seek income. Legend Advisory may allocate the Managed Income Portfolio more heavily in either debt or equity funds, depending on our market outlook.
Absolute Return	The Absolute Return Portfolio seeks to capitalize on the potential for returns by accepting the risks that each asset class carries. Legend Advisory generally allocates the Absolute Return Portfolio more heavily in those asset classes predicted to outperform and may eliminate exposure to assets classes predicted to underperform.



## Description of Portfolio Names for our *Strategic* Portfolio Management Offerings: STARS

Portfolio Name	Portfolio Objective
STARS I	The STARS I Portfolio is designed for clients with a conservative investment objective and a low tolerance for risk. The portfolio is generally allocated predominately in debt securities while maintaining exposure in equity securities.
STARS II	The STARS II Portfolio is designed for clients with a moderate investment objective and a moderate tolerance for risk. The portfolio is generally allocated more heavily in debt securities while maintaining exposure in equity securities.
STARS III	The STARS III Portfolio is designed for clients with a moderate to aggressive investment objective. The portfolio is generally allocated more heavily in equity securities while maintaining exposure in debt securities.
STARS IV	The STARS IV Portfolio is designed for clients with an aggressive investment objective and high tolerance for risk. A majority of the portfolio is generally allocated in equity securities with less exposure in debt securities. The STARS IV Portfolio may include a material allocation to emerging market securities.
STARS V	The STARS V Portfolio is designed for clients with a more aggressive investment objective and a higher tolerance for risk. The portfolio is generally allocated predominately in equity securities with only a minimal allocation to debt securities. The STARS V Portfolio may include a more material allocation to emerging market equities.

## VII. Advisor Managed

Legend Advisory's non-discretionary Advisor Managed Non-Wrap Fee Programs offer the ability to develop a customized investment plan with your Advisor based on your individual needs and goals while maintaining the trading authority over the investment decisions made in your account. Your Advisor will provide advice throughout the investment process to help you navigate through market changes. The Legend Advisory Non-Wrap Fee Programs are detailed in the Legend Advisory Disclosure Brochure (Form ADV Part 2A).

### Additional Information Regarding Wrap Program Fees

The Wrap Fee Programs described above may cost more or less than if you were to purchase such services separately. Certain factors, such as trading frequency, can impact the cost effectiveness of such Wrap Fee Programs. Generally, in an account where there is infrequent trading, a regular brokerage account incurring transaction fees along with the separate purchase of such investment advice for a fee may be less expensive. As your Advisor shares in the total fee assessed for the Wrap Fee Program, he or she may have an incentive to recommend a Wrap Fee Program in lieu of other investment advisory services.

The Wrap Fee may cover various services rendered and costs incurred under the selected program including transaction costs, investment management, and reporting. However, securities transactions executed in your program account(s) may also include mark-ups, markdowns or dealer spreads paid to market makers or other principals from whom securities were obtained. These mark-ups, markdowns or

dealer spreads will be retained by the market maker or other principal and will not be credited or reimbursed to your account or to Legend Advisory or its affiliate, Lincoln Investment.

For all Wrap Programs offered by Legend Advisory, your Wrap Fee will be assessed on a quarterly basis in advance or arrears of the calendar quarter and will be based on the account value on the last business day of prior calendar quarter. The specific manner in which advisory fees are calculated and charged is established in your written advisory agreement with Lincoln. In your investment advisory agreement, you must also authorize Legend Advisory to directly debit advisory fees from your account. Advisory fees are in most cases automatically deducted on a quarterly basis in advance from cash/money market positions or by liquidating assets held within the account. Legend may waive or negotiate advisory fees at our sole discretion.

Accounts opened during a calendar quarter will be charged a daily pro-rated fee based on the number of days advisory services were provided in that quarter. Upon closing of an account, any prepaid, unearned fees will be refunded on a pro-rated basis and any earned, unpaid fees will be due and payable. Pro-ration is also applied to deposits or withdrawals that occur during the calendar quarter.

In general, a client may terminate Legend Advisory’s or its Advisor’s advisory services at any time upon written notice to us. The death of an investor also constitutes termination of any agreement with Legend Advisory, though an executor or other authorized representative may choose to continue services under a new or modified agreement. Unearned fees will be refunded to clients on a pro rata basis for asset management services. Legend Advisory may offer employees, its Advisors, and family members a discount or waiver of Wrap Fee Program fees.

**Advance Payment of Fees**

The manner in which advisory fees are calculated and charged is described in your Investment Advisory Agreement. Advisory fees are, in most cases, automatically deducted on a quarterly basis in advance or arrears, depending on the program, from cash/money market positions or by liquidating assets held within the account. The following table identifies the billing method and describes the calculation of fees.

Asset Management Program	Method of Billing	Calculation of Fees
Adaptive Intelligence Models (AIM) and Advisor Custom Portfolios (ACP)	In Advance	Fees are based on the market value of all assets held within an account (including cash and cash equivalents), as determined by the custodian, investment company or insurance company, on the last business day of the previous calendar quarter.
Neuralvision	In Arrears	Fees are based on the market value of all assets held within an account (including cash and cash equivalents), as determined by the custodian, on the last business day of the calendar quarter. Fees for plan sponsor services are based on the net assets in the plan (including cash and cash equivalents) on the last business day of the calendar quarter.
SAM and SAM Select	In Arrears	Security Benefit and variable annuities: Fees are based on the market value of all assets held within an account (including cash and cash equivalents), as determined by the custodian, investment company or insurance company, on the last business day of the calendar quarter.

In select asset management programs, advisory fees are prorated for contributions and withdrawals. Please refer to your investment advisory agreement for additional information on proration of fees.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee based on the number of days advisory services are provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Refunds are automatically processed upon termination and calculated as follows:

- We take the market value of all assets held within an account (including cash and cash equivalents), as determined by the custodian, investment company or insurance company, on the last business day of the previous calendar quarter and multiply that amount by the annual advisory fee.
- We then divide that amount by the number of days in the calendar year to determine a daily advisory fee rate.
- The daily advisory fee rate is then multiplied by the number of days advisory services were not provided in the applicable calendar quarter.

An expense within some mutual fund share class offerings is a Mutual Fund Distribution Fee, also called a 12b-1 Fee, which is paid to Lincoln Investment, Legend Advisory's affiliated broker-dealer. 12b-1 fees received by Lincoln Investment that are related to your Legend Advisory advisory assets will be credited or refunded back to you. This fee-offset or crediting of 12b-1 fees will alleviate the potential conflict of interest associated with Lincoln Investment receiving this third party compensation and will also reduce the expense to you associated with purchasing a mutual fund share class which includes a 12b-1 fee expense. You may still incur a 12b-1 fee expense for any portion of the 12b-1 fee not received by Lincoln Investment.

You could purchase products or services similar to those offered by Legend Advisory separately from our affiliated investment adviser and broker-dealer, Lincoln Investment Planning, LLC, Capital Analysts, LLC or from any financial services provider. Legend Advisory may offer employees, its Advisors, and family members a discount or waiver of some or all fees.

### **Other Cost That You May Incur**

Total advisory fees paid and other costs associated with your portfolio impact the overall performance of your portfolio. It is important to review these costs when making your advisory and investment decisions.

Costs may include the following:

1. **Internal Expenses.** Internal management fees, other costs or other expenses charged by the mutual fund or sub-account of a variable annuity (also known as the internal expense). All mutual funds and annuity companies charge a fee for the management and operations of their offerings. The higher the internal expense, the more impact it will have on the performance of your portfolio.
2. **Brokerage Account Fees.** Legend Advisory offers its advisory services on various broker-dealer platforms. Each platform assesses different account, service and transaction fees, such as commissions, wire fees, trade-away fees, statement and confirmation fees, retirement plan recordkeeping or custodial fees, and low balance or account termination fees. Please refer to your new account form with your clearing and custody firm for a list of their fees. Pershing assesses a surcharge for the purchase and sale of certain no load or low expense mutual funds not available on the FundVest platform.

3. **Mutual Fund Short-term Trading Redemption Fees.** Some mutual funds impose short-term trading redemption fees of up to 2% for active trading or exchanging in and out of their funds. (90 calendar days for Investor Advantage on FundVest and 30 calendar days for Legend Choice). Tickets charges may also be imposed if certain fund minimums are not met. This could affect you or your investment adviser's ability to properly manage your portfolio as these costs will impact the performance of your portfolio or may be an incentive not to trade. Legend Advisory's decision to reallocate your account assets may result in you incurring a redemption fee imposed by one or more mutual funds held in your account.
4. **Variable Annuity Rider and Contract Costs.** These costs may include, but are not limited to, annual base annuity contract charges, optional benefit riders, underlying sub-account expenses, and potential surrender fees.
5. **Rights of Accumulation.** Many mutual funds offer rights of accumulation or other sales charge discounts. The mutual fund company may or may not count your assets held in an advisory service as eligible for a reduced sales charge on other mutual fund purchases. You should consult the fund's prospectus for the product sponsor's specific rules.

You may incur additional charges imposed by custodians, broker-dealers, investment and insurance companies and other third parties, such as transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. Such charges and fees are exclusive of and in addition to Legend Advisory's fee. You shall be responsible for payment of any and all taxes that may be due as a result of any transactions in your account.

#### **Other Compensation to Legend Advisory and Our Conflicts of Interest**

Legend Advisory recognizes its fiduciary responsibility to place your interests above ours and that other compensation received by us, or an affiliate, from other sources presents a conflict of interest and could be looked upon by you as an incentive for us to recommend investment products or advisory services based on compensation rather than on your financial needs. Below is a description of potential conflicts of interest that we have identified in the conduct of our business that we believe may be material. With many of these conflicts, we have taken steps to mitigate away or reduce the potential conflict.

**12b-1 Fees.** An expense within some mutual fund share class offerings is a Mutual Fund Distribution Fee, also called a 12b-1 Fee, which is paid to Lincoln Investment, Legend Advisory's broker-dealer affiliate. For assets held on the Pershing LLC platform, the amount of the 12b-1 fee received by Lincoln Investment will be refunded directly to your Pershing account. You may still incur a 12b-1 fee expense for any portion of the 12b-1 fee not paid to Lincoln Investment. The refunding of 12b-1 fees will alleviate the potential conflict of interest associated with Legend Advisory's affiliate receiving this third party compensation and will also reduce the expense to you associated with purchasing a mutual fund share class which includes a 12b-1 fee expense.

#### **Understanding Share Classes in Legend Advisory Accounts**

Mutual funds have multiple share classes. The expense ratio of a fund is disclosed in the fund's prospectus and annual reports and generally reflects the annual operating costs of the fund, assessed as a percentage of a fund's average assets. The expense ratio within a mutual fund share class can fluctuate from what is shown in a prospectus for the fund offering and annual report and can vary over time and from year to year. A fund that was deemed to have a lower expense ratio at the time of purchase may not

actually maintain that expense ratio during the time that the fund is held and new fund share classes may become available with different expense ratios.

Share class selection for your advisory accounts will be based on a range of factors. Legend Advisory does not make all share classes available to your advisory accounts. While Legend Advisory will generally seek to designate a single share class of a mutual fund for purchase in your advisory accounts, designated share classes will likely vary among custodial platforms and more than one share class can be purchased and held in advisory accounts. Factors we consider in share class selection, include, but are not limited to, the net expense ratio of the share classes, an expense tracking error of ten basis points (0.10 %) based on the prospectus net expense ratio as provided by Morningstar, prospectus 12b-1 distribution fee as provided by Morningstar, whether a portfolio is a discretionary managed portfolio or a non-discretionary managed portfolio, the availability of share classes on various custodial platforms, whether particular share classes are subject to transaction fees (“TF”) or do not have transaction fees (“NTF”), operational considerations such as share class consistency within a fund family on a particular custodial platform (as described below), the availability of account minimum waivers, tax and other circumstances that are unique to particular clients. Expense tracking error refers to an acceptable margin that Legend Advisory considers when comparing share class costs since share class expense ratios can fluctuate over time. Share class consistency refers to the objective of utilizing the same share class for all or a majority of the mutual funds within a fund family on a particular custodial platform to support consistency and efficiency. This objective may not always be achieved and more than one share class could be purchased and held. Generally, Legend Advisory will only consider a share class for share class consistency if the differential between the share classes being considered is ten basis points (0.10%) or less based on the prospectus net expense ratio as provided by Morningstar, taking into account the prospectus 12b-1 distribution fee as provided by Morningstar. If not within this range, then multiple share classes of a fund family could be available on a custodial platform.

Generally, only NTF funds will be available for new fund purchases in your advisory accounts. However, TF funds will be purchased if the NTF fund in the same mutual fund is not available on the applicable custody platform, subject to the purchase being eligible for investment minimums or investment waivers. A fund share class on one custodian’s platform may be an NTF fund while on a different custodian’s platform may be a TF fund, or vice versa. The expense ratio for TF funds will generally be lower than that for NTF funds, but the purchase and sale of TF funds is subject to additional transaction fees and other charges that increase the cost of investment. Trading in TF funds can increase cost to both the client and/or the firm depending on the level of trading in the account. Legend Advisory and its Advisors are not under an obligation to pay the transaction fees and other charges associated with investments in TF funds on your behalf, unless you are in a Wrap Fee Program. However, if Legend Advisory does assume these costs, then it has a financial incentive to select NTF funds in its Wrap Fee programs to avoid paying or to lower mutual fund transaction charges. This creates a conflict of interest for Legend Advisory to select a NTF mutual fund in a Wrap Fee program because Legend Advisory would incur less expense and generate more revenue than if Legend Advisory selected a TF fund. When selecting a share class of a mutual fund for its platform and when recommending a mutual fund to you, Legend Advisory and your Advisor have a conflict of interest because the selection or recommendation of a more expensive share class results in greater net after cost compensation to Legend Advisory. The use of NTF funds can serve to minimize the potential for an overall increase in advisory fees charged to clients. If Legend Advisory or your Advisor were to incur transaction fees, Legend Advisory and/or your Advisor would likely charge higher advisory fees or increase other charges to clients for the services provided.

Legend Advisory and your Advisor can purchase, hold, and recommend mutual fund investments in share classes in your advisory accounts that are not the lowest cost share class. You should not assume that you are invested in the lowest cost share class, and the share class of a mutual fund offered by Legend Advisory can have higher expenses and therefore lower returns, which could impact performance over time, than other share classes of that mutual fund for which you are eligible or that may otherwise be available to you if you invested in the mutual fund through a third party or through the mutual fund directly. Other financial services firms may offer the same mutual fund at a lower overall cost to the investor than is available through your account.

Legend Advisory may, in its discretion, determine to convert your mutual fund positions held in one share class to a different share class. Such share class conversions will occur as deemed appropriate by Legend Advisory and will be reflected on your account statement. Legend Advisory will consider various factors when considering share class conversions in your advisory accounts, including but not limited to, the net expense ratio of the share classes, whether your account is subject to taxation, the difference in the expense ratio between share classes and whether the difference exceeds an expense tracking error of ten basis points (0.10%) based on the prospectus net expense ratio as provided by Morningstar, the prospectus 12b-1 distribution fee as provided by Morningstar, operational considerations such as share class consistency, your investment preferences and the amount of potential taxable gains or losses to which you could be subject. The ability and length of time to effect a share class conversion will vary by custodial platform and is subject to prospectus requirements and custodial platform approval. Legend Advisory will periodically compare the share classes of your funds with the share classes offered by the fund and available to the firm and your account. If, as a result of such review, the Firm initiates a share class conversion, the new share class will appear on your account statement. Legend Advisory will not consider converting your mutual fund position held in a lower expense share class of the same fund to a more expensive share class of the same fund unless the difference between the lower expense share class and the more expensive share class is less than or equal to the expense tracking error of ten basis points (0.10%) based on the prospectus net expense ratio as provided by Morningstar, taking into account the prospectus 12b-1 distribution fee as provided by Morningstar. Through the conversion process, you should not assume that you are or will be invested in the lowest expense share class, and the share class of a mutual fund offered by Legend Advisory can have higher expenses, and therefore lower returns, which can impact performance over time, than other share classes of that mutual fund for which you are eligible or that may otherwise be available to you if you invested in the mutual fund through a third party or through the mutual fund directly.

We are currently implementing the mutual fund share class selection process described above for new funds that are added to our advisory platforms. We are simultaneously reviewing existing positions to apply these mutual fund share class selection and conversion factors to current fund holdings. This review process is ongoing and is expected to be completed by September 2018. Third-party investment managers that provide model portfolios or manage client accounts on a discretionary basis will follow their own share class selection practices.

When determining the reasonableness of any fees and expenses you agree to pay to Legend Advisory, you should consider both the fees and expenses that Legend Advisory charges to your account for its services and those of your Advisor, as well as any indirect fees and expenses that you pay in connection with any investment in share classes of mutual funds that bear expenses greater than other share classes for which are otherwise eligible. Information about the mutual funds and share classes that are available through your account, including their investment policies, restrictions, charges, and expenses, is contained in the

mutual funds' prospectuses. You should read these prospectuses carefully. Please contact your Advisor for additional information on share class selection practices and related fees and expenses.

### **Third Party Payments**

#### **Pershing Platform**

For advisory accounts introduced to Pershing LLC, Pershing shares revenue with Lincoln Investment, as introducing broker-dealer, an affiliate of Legend Advisory, LLC, based on total assets and total investor accounts of Legend Advisory held at Pershing ("Other Fees") pursuant to a written agreement with Pershing, LLC. This revenue is not shared with your Advisors. Lincoln Investment also receives revenue derived from money market fund distribution assistance associated with Legend Advisory accounts maintained at Pershing. This revenue is not shared with your Advisors. The receipt of the Other Fees and money market distribution assistance revenue by our affiliate, Lincoln Investment, creates a conflict of interest to Legend Advisory to use Pershing as a custodian over other custodians that do not share revenue with Lincoln Investment. We do not believe these conflicts are material to Legend Advisory or its affiliate, Lincoln Investment. The receipt of this revenue by Lincoln Investment as allocated to Legend Advisory represented approximately 1.3% of Legend Advisory's 2017 total revenue. This revenue was not shared with Advisors.

#### **Sales and Marketing Support**

Lincoln Investment receives Sales and Marketing Support as described below. In order to minimize the potential conflicts associated with the receipt of these fees by its affiliate, Legend Advisory does not receive Sales and Marketing Support payments that are based on advisory account assets, advisory account transactions or that are based on ERISA account assets.

**Flat Fee Sponsors.** Lincoln Investment, Legend Advisory's affiliated broker-dealer, has partnered with a select group of third party money managers and product sponsors who pay to assist Lincoln Investment in the training and education of Advisors at firm sponsored events, on such topics as advisory products and services, practice management, tools and technology, consumer education, and policies, rules and regulations. These sponsors provide financial support to Lincoln Investment in the form of a flat-dollar amount that may be amended annually and is not based on the assets or sales of their proprietary products or services. Sponsors can compensate Lincoln Investment from fund assets, the fund's investment manager, distributor or other affiliate's assets. Payments made to broker dealers out of fund assets can lower investor returns and performance over time. Advisors do not share in any portion of these payments so as to mitigate any conflict for an Advisor to recommend one product or money manager over another. This financial support allows Lincoln Investment to defray or offset costs associated with firm sponsored events and other educational and outreach tools and services. The financial support by these Sponsors to Lincoln Investment and as allocated to Legend Advisory presents a potential conflict of interest to Lincoln Investment and Legend Advisory.

All Flat Fee Sponsors do not pay Lincoln Investment the same amount, and depending on the amount of the payment from the Flat Fee Sponsor, the access to Lincoln Investment sponsored events may differ. For example, Lincoln Investment holds a number of sales conferences both nationally and regionally throughout the year to educate advisors. The higher the annual flat fee payment, the more events the Flat Fee Sponsor will be invited to attend. Flat Fee Sponsors have more opportunities than other product sponsors and money managers that are not Flat Fee Sponsors to market to and educate Advisors which

could pose a potential conflict to Advisors to offer these sponsors products or services over others. Advisors do not share in any portion of these payments so as to mitigate any such conflict.

In 2017, CLS Investments compensated Lincoln Investment as a Flat Fee Sponsor. In 2017, the financial support of CLS as allocated to Legend Advisory was nominal relative to the total revenues of Legend Advisory. We do not believe that this amount is material. Some of the Flat Fee Sponsors revenue may be used to support the ongoing operational expenses of Lincoln Investment and Legend Advisory and not used solely for sales and marketing support.

**Other Sales Support.** From time to time, product sponsors and third money managers may assist Advisors in their sales and marketing efforts by subsidizing certain Advisor costs, such as client meetings or workshops, mailings, administrative expenses and technology support. The amount of support is approved by Lincoln Investment and is monitored to ensure that it is not too frequent or excessive. Also, Advisors are invited from time-to-time by product sponsors to due diligence and educational meetings or seminars hosted by the product sponsor or money manager. Lincoln Investment must grant permission to our Advisors to attend any meeting or seminar hosted by a product or advisory service sponsor. Lincoln Investment approves events that are limited to education or due diligence only and allows the product sponsor to provide meals, hotel accommodations and reimbursement to the Advisor, through Lincoln, for travel expenses only. These events represent a nominal portion of revenue that may be received from product sponsors. The education of our Advisors in the offerings that are available to them is a key component of providing prudent investment advice to you. This could be deemed a conflict of interest that will incentivize the advisor to offer one product or money manager over another. This support is not based on client assets or transaction sales.

**Asset and Sales Based Sponsors.** On the brokerage side of Lincoln Investment's business, Lincoln Investment also receives Sales and Marketing support from product sponsors, mutual fund companies, insurance companies and other third party providers to assist in the marketing and sales efforts of employees and Advisors ("Asset and Sales Based Sponsors"). The support provided by these sponsors is based on brokerage assets and brokerage transaction and not based on your advisory account assets or ERISA assets. Lincoln Investment receives compensation from these sponsors in various forms, including as a flat fee, a percentage of the amount of brokerage assets held by investors, a percentage of sales, or any combination of these methods. The amounts of these payments can vary by the type of product and by provider and can include, but are not limited to, distribution fees and shareholder service fees. In some cases, Asset and Sales Based Sponsors pay additional marketing payments to Lincoln Investment to cover fees to attend conferences. Additionally, some Asset and Sales Based Sponsors make a monthly or quarterly payment or additional monthly or quarterly payment based on the assets you hold in a fund or variable insurance product over a period of time. As you may have both a brokerage account and an advisory account with us, we want you to understand that Lincoln Investment will receive Sales and Marketing Support based on assets or sales in connection with your brokerage account assets and transactions. As Lincoln Investment may be financially incentivized to recommend Asset and Sales Based Sponsors that provide sales and marketing support over others that do not, this is a potential conflict of interest.

In 2017, Sales and Marketing Support based on brokerage asset or sales (which would be as result of only the brokerage assets you held with Lincoln Investment) represented approximately one percent of total revenues to Lincoln Investment, and could be deemed material to Lincoln Investment clients. Some of this revenue may be used by Lincoln Investment to support the ongoing operational expenses of Lincoln Investment and not used solely for sales and marketing support.



## **Other Potential Conflicts**

**Ongoing Fiduciary Conflicts.** Legend Advisory has a supervisory duty to periodically monitor clients' portfolios to ensure suitability of investments and to ensure that the advisory services are being performed in recognition of our fiduciary duty to you, which includes acting in your best interest. A potential conflict of interest exists if an Advisor is assessing an advisory fee but no services are being performed. Supervision is performed over accounts and Advisors to monitor for activities that could be deemed a breach of our fiduciary duty to you, including such periodic reviews as accounts where there is no documentation of services being performed and accounts with uninvested cash balances over a period of time with no rationale for holding such a large cash position in an advisory account. In an advisory relationship, our fiduciary relationship will be most successful if both the client and the Advisor partner to ensure that there is regular and meaningful contact and that the advisory account continues to meet the needs of the client.

**Affiliates Other Businesses.** Legend Advisory principal business is as an investment adviser. The majority of Legend Advisory revenue comes from the advisory fees we collect from you. Through its affiliated broker-dealer, Lincoln Investment receives compensation from its brokerage business. This compensation comes from securities and insurance product commissions and mutual fund concessions, 12b-1 distribution fees associated with the sale of mutual funds, trailing commissions from annuity sales, and persistency bonuses on insurance and other sources. You always have the option to purchase advisory services, securities products or insurance through non-affiliated investment advisers, brokers or agents. Legend Advisory also is affiliated with two other registered investment advisers, Lincoln Investment, LLC and Capital Analysts, LLC, and promotes the services of these investment advisers.

**Your Advisor's Other Businesses.** Your Advisor may have more than one relationship with you – one as an Advisor over an advisory account and one as a Registered Representative/Agent of Lincoln Investment over a non-advisory account where he or she may receive a sales commission for the sale of securities or insurance products which would be in addition to any advisory fees earned on your advisory assets. In these situations, our Advisor may have greater financial incentives to offer you both investment and/or insurance sales as well as advisory services.

Your Advisor may also be associated with one or more of Legend Advisory affiliated investment advisers, Lincoln Investment, LLC or Capital Analysts, LLC. These affiliated relationships present a conflict of interest. Through his or her affiliation with Legend Advisory and possibly with Lincoln Investments and Capital Analysts, your Advisor may be in a position where he or she can offer the same or similar advisory services to you for different fees and compensation structures. If an identical Sub-Adviser or strategy is available through two affiliated registered investment advisers, you may pay higher fees for an advisory service that is similarly offered through another affiliated investment adviser. You always have the option to purchase advisory services, securities products or insurance through non-affiliated investment advisers, brokers or agents.

Legend Advisory shares with each Advisor a percentage of the advisory fee received based on the type of advisory service sold. Some Advisors can receive a higher percentage of the Advisor Fee when placing client assets within an IM&R managed program than when placing client assets with a third party money manager. In addition, Advisors who have significant advisory assets within Legend Advisory programs receive higher percentages of the Advisor Fee than those who have lower advisory assets in Legend Advisory in-house managed offerings. This creates a conflict of interest for Advisors to recommend

Legend Advisory offerings over other third party advisory offerings. Most of Lincoln's Advisors are independent contractors who may also offer other non-security financial services and products, such as life, health, disability, long term care and fixed annuity insurance products, and real estate. These services may be offered independent of The Lincoln Investment Companies.

**Sales Incentives.** Legend Advisory offers sales contests that may provide additional incentives to your Advisor to offer one product or advisory service over another. Legend Advisory offers sales contests based on such criteria as gross compensation to the Advisor, new accounts, and net sales of advisory programs. These contests may provide your Advisor with a conflict of interest and an incentive to offer you fee-based advisory services over commission-based brokerage services. Top achievers in these contests may receive firm sponsored trips, cash prizes, bonus commissions, club points, monetary donations in their name to a charity of their choice or other nominal prizes. No contest is offered which will award the Advisor based upon a specific investment product or on a specific product sponsor. In our capacity as an investment adviser, Legend Advisory and its Advisor recognize they have a fiduciary duty to investment advisory clients. You should ask your Advisor about these incentives at the time of sale.

**Endorsements.** From time-to-time, Lincoln Investment makes lump-sum payments to education-based associations and not-for-profit organizations with a large constituency of employees who are eligible to invest in 403(b) retirement plans (Associations). In some cases, Lincoln Investment voluntarily makes such payments to reimburse the Associations for certain marketing expenses (e.g., newsletter advertisements) in connection with Lincoln's products and services. Certain Associations require Lincoln Investment to reimburse them for (1) marketing expenses; (2) use of their facilities used to meet with their employees; (3) to obtain their explicit endorsement; or (4) to cover their administrative costs for the processing of payroll contributions.

**Loans and Advances.** On occasion, Lincoln Investment may extend a loan, provide a commission advance, or pay for practice management services for an advisor to assist an advisor in running his or her business. Sometimes these loans or advances may be waived, in whole or in part, if certain sales or assets under management thresholds are met or certain practice management goals or conditions are met. In situations where a sales, assets under management threshold or other financial contingency exists, this conflict of interest will be disclosed in the Advisor's Form ADV 2B, which is required to be delivered by the Advisor to every client. Lincoln Investment supervises Advisors who have these arrangements to ensure that all advice is suitable to the client.

**Gifts and Entertainment.** Offering or receiving a gift or entertainment from a product or advisory service sponsor could create a conflict of interest. Lincoln Investment has instituted a policy that prohibits excessive and/or too frequent gifts or entertainment activities to mitigate this conflict.

**Political Contributions.** Providing significant political contributions to a state or local official or candidate could create the perception that Legend Advisory or its Advisors are seeking *quid pro quo* arrangements with that state or local government or its employees to open an account with our firm. Lincoln prohibits contributions in excess of \$350 per election if the Advisor can vote for the candidate and \$150 per election if the Advisor cannot vote for the candidate.

**Charitable Donations.** Providing significant charitable donations to a charity organization could create the perception that Legend Advisory or its Advisors are seeking *quid pro quo* arrangements with that charity or its employees to open an account with our firm. Lincoln allows contributions to charities, but prohibits any donations that are deemed excessive or too frequent.

## Item 5 – Account Requirements and Types of Clients

### Types of Clients

Legend Advisory primarily serves individuals, high net worth individuals, trusts, institutions, foundations, businesses, and charitable organizations as well as the retirement assets of individuals and businesses, including, through IRC 403(b) and 457 programs, individual retirement accounts (IRAs) and employer sponsored ERISA plans. Clients may open qualified and non-qualified accounts with Legend Advisory. Not all investors and plans, including retirement plans, are eligible to invest in one or more of Legend Advisory advisory programs. Please consult with your Advisor or your employer to determine if your assets are eligible to invest.

### Account Requirements

A minimum account size exists for the Legend Managed Wrap Fee Programs offered by Legend Advisory. Legend will, from time to time, amend or waive the minimum account size. The Wrap Fee Program account minimums are as follows:

- Adaptive Intelligence Models (AIM):

<b>Program Series</b>	<b>Account Minimum</b>
Adaptive Intelligence Model (AIM)	\$5,000

- Freemark:

<b>Program Series</b>	<b>Account Minimum</b>
Freemark Allegiance	\$5,000
Freemark Liberty	\$25,000
Freemark Liberty PCRA	\$10,000
Freemark Victory	\$50,000

- Strategic Asset Rebalancing Solution (STARS):

<b>Program Series</b>	<b>Account Minimum</b>
Strategic Asset Rebalancing Solution (STARS)	\$5,000; or \$100 systematic contribution (qualified accounts only)

- SAM<sup>®</sup> and SAM<sup>®</sup> Select:

Account Type	Account Minimum
Non-qualified account (with the exception of Federated Funds)	\$25,000
<ul style="list-style-type: none"> <li>• Non-qualified account with Federated funds</li> </ul>	\$30,000
Account with a variable annuity contract	\$10,000
Qualified account	SAM: \$5,000 SAM Select: \$10,000

## Item 6 – Portfolio Management Selection and Evaluations

All Legend Advisory Managed Wrap Fee Programs are managed with discretion by the Legend advisory Investment Management & Research (IM&R) Team.

### Dynamic Asset Allocation Portfolios

In Legend Advisory’s discretionary managed models that are managed by IM&R Team, Legend Advisory uses a mixture of quantitative and qualitative methods in the management of our Legend Advisory Managed Programs. Our investment discipline incorporates artificial intelligence technology to provide portfolio management and recommendations for our clients. The cornerstone of this discipline is our Asset Allocation Neural Network (AANN). A neural network is a computer system that uses mathematical algorithms to simulate the process of a biological neural network, such as the human brain.

AANN is a computer modeling system that classifies patterns and causal relationships and makes forecasts based on historical market data. AANN continuously tests its hypotheses and discards invalid assumptions while expectations that continue to be corroborated gain greater influence. Legend Advisory utilizes AANN as a tool to make predictions as to the relative strength of various domestic and global asset classes. Our Investment Management professionals feed market data into AANN to develop asset class recommendations.

For our risk-adjusted portfolios (such as our Conservative, Balanced, Total Return, Appreciation and Growth Portfolios), recommendations provided by AANN are fed into our Optimization Model. The Optimization Model provides recommended percentage weightings by asset class for each risk level model portfolio. The Optimization Model considers the investment objective(s) of a portfolio when providing such asset class weightings. The model is designed to act as a risk control mechanism by analyzing returns, per unit of risk taken, for each asset class using historical market data.

Legend Advisory may not employ AANN or the Optimization Model for all advisory portfolios. The Absolute Return Portfolio and Fixed Income Portfolio generally do not have risk tolerance constraints (i.e., there is little to no limitation as to the exposure your account will have to any given asset class), with the exception of equity exposure in the Fixed Income Portfolio where restrictions may be applied.

Legend Advisory may utilize additional neural networks to provide further direction and insight on specific asset classes. These neural networks are as follows:

- Capitalization Model: The Capitalization Neural Network is designed to predict the relative strength of domestic small-, mid- and large-capitalization equities.

- Global Equity Model (GEM) and GEM Plus: The GEM and GEM Plus Neural Networks are designed to predict the relative performance of different equity asset classes across the globe.
- Interest Rate Forecaster: The Interest Rate Forecaster is designed to predict the direction of the 10-year U.S. government bond.
- Value or Growth Neural Network: The Value or Growth Neural Network is designed to predict whether value or growth investing will outperform across domestic small-, mid- and large-capitalization equities.

Legend Advisory uses the optimized data derived from these neural networks, along with fundamental and technical analysis, to develop asset allocation recommendations for a model portfolio. Once asset allocation recommendations are developed, we utilize our Fund Selector screening program to make predictions as to the mutual funds and variable annuity sub-accounts within each asset class that will perform the best. The Fund Selector program uses variations of standard mathematical equations as well as proprietary formulas that assess fund performance consistency and measure risk. Subjective methodologies are also used to identify and compensate for specific anomalies in our quantitative research. For example, in situations where a fund has changed managers in the past year, Legend Advisory may combine performance from the manager's previous fund to gain a broader perspective of their management skills.

The Fund Selector screening program is also utilized to develop and monitor core fund recommendations for plan sponsors.

The AANN computer modeling system is utilized to manage portfolios in the following Wrap Fee programs:

- Adaptive Intelligence Models (AIM)
- Freemark
- Neuralvision
- SAM and SAM Select

### **Strategic Rebalancing Portfolios**

Legend Advisory also uses a mixture of quantitative and qualitative methods in the management of our strategic rebalancing portfolios offered through the STARS program. Our investment team monitors global economic conditions, utilizes technical analysis and reviews output from AANN to develop allocation recommendations for the STARS portfolios. We also utilize our Optimization Model when determining asset class weightings. The Fund Selector screening program is utilized when making specific fund recommendations in the portfolios. The STARS Portfolios are rebalanced semi-annually to the target allocation and reviewed annually for asset allocation changes.

### **Investment Strategies**

Legend Advisory uses asset allocation and diversification in an attempt to achieve the objectives of our model portfolios. Asset allocation involves allocating an investment portfolio among different asset classes, such as stocks, bonds and cash. Our dynamic model portfolios are proactively reallocated to reflect changes in market expectations. Dynamic asset allocation may be limited in certain portfolios,

such as the Absolute Return Portfolio and Fixed Income Portfolio. Our strategic model portfolios are periodically rebalanced to a target allocation. Diversification is the practice of spreading money among different investments to reduce risk.

For assets in one of the Legend Advisory Managed Programs, Legend Advisory may invest your assets in any asset class we deem necessary in an effort to achieve a model portfolio's objective. Such asset classes may include, but are not limited to: large-capitalization domestic equities, mid-capitalization domestic equities, small-capitalization domestic equities, high quality domestic debt, high yield domestic debt, international equities, emerging markets equities, foreign debt, real estate investment trusts, real assets, Treasury Inflation-Protected Securities, agency securities and Commercial Mortgage-Backed Securities and cash.

### **Risk of Loss**

There is no guarantee that investment recommendations made by AANN or any of our other neural networks will be accurate. AANN does not, in and of itself, make any investment decisions. Legend Advisory's Investment Committee utilizes AANN as a tool in the investment decision-making process.

Investing in securities involves risk of loss that clients should be prepared to bear. Legend Advisory cannot assure that any portfolio will increase or preserve capital or generate income, nor can we assure that the objectives of any model portfolio will be realized. Asset allocation decisions made by Legend Advisory may result in a profit or loss.

Legend Advisory may invest a portion of your assets in cash or cash equivalents to achieve a model portfolio's objective, provide ongoing distributions and/or take a defensive position. Cash holdings may result in a loss of market exposure.

As more investments are added to a portfolio, fees and expenses may increase, which will, in turn, lower investment returns. Diversification does not assure a profit or protect against a loss. Mutual funds purchased for your account may invest in different types of securities, such as value or growth stocks, real estate investment trusts, corporate bonds or U.S. government bonds. There are risks associated with each asset class.

Equity funds may include small-, mid- and large-capitalization stocks. Small- and mid-capitalization companies may have greater price volatility, lower trading volume and less liquidity than large-capitalization companies.

Mutual funds invested in fixed income securities have interest rate risk and credit risk. As interest rates rise, existing bond prices fall and can cause the value of an investment to decline. Changes in interest rates generally have a greater effect on bonds with longer maturities than on those with shorter maturities. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and/or interest payments.

Debt funds may include mortgage-backed securities and Treasury Inflation-Protected Securities (TIPS). Mortgage-backed securities are subject to greater declines in value than traditional fixed-income securities. This is primarily due to decreased prepayments when interest rates fall, which could lengthen the average life of a security. TIPS can provide a hedge against inflation, which helps preserve the purchasing power of the investment. Because of this inflation adjustment feature, inflation protected bonds typically have lower yields than conventional fixed rate bonds. These bonds will likely decline in price during periods of deflation, which could result in losses.

Mutual funds purchased for your account may invest in international securities. There are special risks associated with foreign investing, including currency fluctuations, economic instability and political developments. Fluctuations in foreign currency-denominated securities may be magnified by changes in foreign exchange rates. These risks may be magnified in emerging markets.

You will find additional information regarding these risks in the prospectus for each individual mutual fund or variable annuity subaccount held in your account. You can request a copy of a prospectus by contacting your Registered Representative or the individual investment company or insurance company directly.

Because each mutual fund within a portfolio owns different types of investments, portfolio performance will be affected by a variety of factors. The value of your account will vary from day to day as the values of the underlying investments you hold vary. Such variations generally reflect changes in interest rates, market conditions and other company and economic news. These risks may become magnified depending on how much a fund invests or uses certain strategies.

### **Item 7 – Client Information Provided to Portfolio Managers**

When your Wrap Fee Program account is opened, your Advisor will assist you in completing confidential investor profile containing personal and financial information such as your risk tolerance, investment objectives, net worth, and investing time horizon. This will assist your Advisor in recommending to you the appropriate advisory services to suit your needs and objectives. This information is not shared with IM&R, Strategists or Third Party Money Managers unless your account is being invested in a custom named portfolio. Your Advisor, and any other portfolio manager(s), rely on the accuracy of the information you provide to manage and advise you on your account(s). You are responsible to notify your Advisor of any changes in your financial situation or investment objectives.

### **Item 8 – Client Contact with Portfolio Manager**

You may contact and consult with Legend Advisory, your Advisor, and the Legend Advisory Investment IM&R Team, in writing, over the phone or electronically. The IM&R Team may hold regular conference calls to discuss investment strategies or current market events.. In general, you should contact Legend Advisory and the IM&R team through, or together with, your Advisor so that the financial advice you receive is consistent.

### **Item 9 – Additional Information**

#### **Disciplinary Information**

As a registered investment adviser, Legend Advisory is required to disclose all material facts regarding any legal or disciplinary events that are material to your evaluation of our advisory business or the integrity of our management. Legend Advisory has no material disciplinary information to disclose.

Your Advisor should provide along with this brochure a Form ADV 2B Brochure Supplement that describes your Advisor's education, business experience, professional designations and material legal or disciplinary history, if any.

## **Other Financial Industry Activities and Affiliations**

Legend Advisory is affiliated with two other financial services firms, including Lincoln Investment Planning, LLC, a full-service independent broker-dealer and registered investment adviser, and Capital Analysts, LLC, a registered investment adviser. Advisors of Legend Advisory are also registered representatives with Lincoln Investment and may be dually registered to offer the advisory services of Lincoln Investment and Capital Analysts, LLC. All three affiliated companies are referred to as The Lincoln Investment Companies.

## **Advisors Other Business Activities and Affiliations**

Advisors of Legend Advisory are independent contractors, many of whom hold themselves out to the public under a name other than Legend Advisory and offer other financial services independent of Legend Advisory and Lincoln Investment, such as life, health, disability, long term care and fixed annuity insurance products, real estate, and business planning services. A few of our Advisors may also be qualified lawyers and accountants or hold certain professional designations not required by us to conduct their business. These services are offered independent of Legend Advisory as outside business activities and Legend Advisory assumes no responsibility or supervision over these activities. Please refer to the "Other Compensation and Other Conflicts of Interest" section under Item 5 of this brochure, or refer to your Advisor's ADV 2B brochure supplement, for more information regarding outside business activities and how we address these conflicts. You may go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or [www.brokercheck.finra.org](http://www.brokercheck.finra.org) for further information regarding your Advisors' other business activities or affiliations.

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

Legend Advisory is committed to the highest standards of business conduct. The conduct of each of our supervised persons is of vital importance to the firm. Accordingly, we have adopted a Code of Ethics that establishes rules of conduct for all supervised persons of Legend Advisory that is based on the following general principles:

- The duty at all times to place the interests of clients first.
- The requirement that all personal securities transactions be conducted in such a manner to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility and in a manner that does not interfere with the portfolio transactions of any client.
- The principle that investment adviser personnel should not take inappropriate advantage of their positions, or otherwise take unfair advantage of their relationship with any client.
- The principle that information concerning the identity of security holdings and financial circumstances of clients is confidential.
- The principle that independence in the investment decision-making process is paramount.

Our Code of Ethics requires compliance with applicable federal and state securities laws, rules and regulations and covers such topics as fiduciary duty to clients, personal trading and gift giving and receiving, and includes a prohibition on insider trading and manipulative practices.



You may request a full copy of Legend Advisory's Code of Ethics from your Advisor or Lincoln Investment's Compliance Department at (800) 242-1421, ext. 4300.

Legend Advisory and supervised persons of Legend Advisory may for their own accounts trade in securities which are recommended to and/or purchased for your account. Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our supervised persons will not interfere with making decisions in your best interest or implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Our Code of Ethics designates classes of securities as exempt transactions based upon a determination that such transactions would not materially interfere with your best interest. Our Code of Ethics also requires pre-clearance of certain transactions and, in certain situations, may restrict supervised persons from trading in close proximity to your trading activity. Legend Advisory periodically monitors the trading activity of certain supervised persons who (i) are deemed to have access to nonpublic information regarding any client's trading activity, (ii) are involved in making securities recommendations to clients, or (iii) have access to recommendations for clients that are nonpublic.

### **Brokerage Practices**

Legend Advisory utilizes its affiliate, Lincoln Investment, as its introducing broker-dealer unless specifically directed by a client or third party manager to place trades with another broker-dealer. Lincoln Investment's primary clearing arrangement is with Pershing LLC. Pershing may make a market in stocks, bonds, and ETFs in which Lincoln Investment has acted as broker. Lincoln Investment and Legend Advisory have policies and procedures in place to monitor trade execution practices at Pershing LLC to its best execution obligations with respect to these types of securities on behalf of Legend Advisory's clients. Legend Advisory does not receive "research" or higher execution costs (soft dollars) from broker-dealers in exchange for the directing of brokerage. Most transactions clear through Pershing LLC to facilitate our ability to access and properly monitor your investments.

Legend Advisory may on occasion place non-exchange traded securities transactions through its broker-dealer affiliate, Lincoln Investment, unless otherwise directed by the client. Clients have the right to utilize a broker-dealer other than Lincoln; however, Legend Advisory reserves the right to accept or reject such accounts based on its ability to provide adequate account monitoring and best execution.

### **Trade Aggregation Policy**

Offering advisory services to clients includes an obligation on the part of Legend Advisory and its Advisors to ensure that the allocation of investment opportunities or trades among its various client accounts, as well as accounts in which it (or its affiliates) has a proprietary interest, is performed in a manner that is fair and equitable in its treatment of all clients and, wherever possible, avoids conflicts of interest.

Therefore, Legend Advisory has adopted a Trade Allocation Policy to be used by Advisors who have been granted discretionary authority by their clients when placing orders in the same security on the same day for one or more clients or accounts. By aggregating orders, Advisors ensures that all clients receive that same price for the security on the same day. This policy is intended to prevent favoritism of one client over another and establish a rational and predictable fashion for the allocation of trade pricing on a given day for a given security.

Trades in the following situations will typically be aggregated:

- The Advisor recognizes ahead of time that he/she will be buying or selling the same security in more than one client account on the same day;
- The Advisor reasonably believes that aggregating may facilitate a better execution price for all clients; and
- The securities involved are exchange-traded rather than open-ended funds or annuity sub accounts.

Trades in the following situations will *not* typically be aggregated:

- Where prohibited by or inconsistent with the client's investment management agreement;
- The trade is a result of the implementation of a change of investment strategy for a specific client;
- The trade is part of a new client's account allocation;
- The trade is a result of rebalancing to an asset allocation policy pursuant to an account review with the client; and/or
- The Advisor reasonably believes that aggregating orders would adversely impact price and/or best execution for the client.

If the security to be purchased in aggregate cannot be obtained in the total quantity required, the allocation of that security will be made on a pro rata basis determined by the ratio of the quantity obtained to the share quantity required to implement the investment strategy. Each client would participate in the order at the average price for all of the transactions on a given day. The transaction cost to all advisory clients shall be the standard ticket charge for the aggregated order.

If implementing the trade requires transactions over several days, each day's execution shares and average price on all executions for that day shall be allocated by the end of each trading day or no later than the next trading day. In the course of executing an aggregated trade, a list of clients' accounts and shares to be bought or sold is to be prepared. This is to be used in allocating the trade and the list is to be kept as a record with the original aggregated trade order. Allocation of shares, prices, and costs shall be done on a timely basis, in no event to exceed 24 hours following execution. Legend Advisory and your Advisor shall not receive any additional compensation for aggregating trades.

## **Review of Accounts**

### **Account Review Policies and Procedures**

Your Advisor is responsible to ensure that the recommended advisory service is in your best interest. Many of our programs are managed to meet different levels of risk, so choosing the appropriate risk level or tolerance for market fluctuation and potential loss of investment is an important part of your decision. Furthermore, the Advisor Fee portion of your Fee compensates your Advisor for his or her services. This fee is an annual fee that continues as long as you maintain your account with us. This fee provides ongoing access to your Advisor for financial and life planning consultation, as requested by you, as well as ongoing investment advice services which include assisting you in the determination of the appropriate investment advisory investments and advisory programs for you, conversing with you on an as-needed or as requested basis, to ensure that the investments and programs continue to meet your stated objectives and needs. It is important therefore that you take the time to speak with your Advisor regarding your financial objectives and needs and particularly when there is a material life event that could affect or change your investment objectives or financial needs.

A Supervising Principal will review all advisory recommendations and financial plans prepared by your Advisor and will also provide an oversight of the recommendations and trading activities occurring in your account. If you have any questions about the trading or recommendations in your account, please call your Advisor's Designated Supervisor.

The Investment Management & Research (IM&R) Team routinely reviews the advisory services managed, sponsored, and/or offered by Legend Advisory. A description of the IM&R Team is provided in the supplement at the end of this brochure. The IM&R team performs the following roles on Legend Advisory's behalf:

- The management of all Legend Advisory Wrap Fee Programs
- The selection of advisory services offered by Legend Advisory;
- The monitoring of third party advisory services offered by Legend Advisory;
- The removal of advisory services offered by Legend Advisory;
- The comparison of advisory results to predetermined benchmarks to monitor whether investment advisers' disciplines are providing value to clients.

Legend Advisory has a supervisory duty to periodically monitor clients' portfolios to ensure suitability of investments and to ensure that the advisory services are being performed for the fee that is being assessed. A potential conflict of interest could exist if an advisory fee is not commensurate with the level of services performed, including: accounts that have traded infrequently; accounts where there is no documentation of services provided; and accounts where high cash balances exist.

### **Written Reports**

At minimum, you will receive regular account statements, either monthly or quarterly depending on your account activity, from the custodian(s) who carry your account(s). As most Legend Advisory advised or managed accounts are custodied at Pershing LLC, you will receive these statements directly from Pershing LLC, either in hard copy or electronic format. This statement will reflect all positions and transactions that have occurred in your account as well as identify any fees, including the advisory fee, deducted from your account.

Some Advisors and advisory services may also provide you supplemental advisory reports which may include performance reports, aggregated account reviews, or a portfolio snapshot. These supplemental reports, typically generated on a quarterly, semi-annual or annual basis, are made available to you either electronically or will be delivered to you at the time of a meeting. These supplemental reports are provided as a service to you and should not replace your custodial statement(s). We urge you to compare these supplemental reports to the account statements you receive. If you find any discrepancies, please contact your Advisor or Legend Advisory.

### **Client Referrals and Other Compensation**

On occasion, Legend Advisory permits an Advisor to compensate an outside party (for example, an attorney or an accountant) for client referrals to one of our advisory services. The outside party must execute a Solicitor Agreement with Lincoln, and you will receive a Solicitor Disclosure Statement at the time of the referral describing the relationship and portion of your advisory fee that will be paid by us to the Solicitor. At no time will you pay a higher advisory fee as a result of this referral relationship. Legend Advisory is currently not entering into agreements with new Solicitors for new referrals.

## **Custody**

You will receive monthly and/or quarterly account statements directly from your qualified custodian. Legend Advisory urges you to carefully review such statements and compare the account balances with the balances reflected on any performance reports you may receive from Legend Advisory for accuracy. Balances on our reports may vary from the statements you receive from your custodian due to differences in reporting dates or other operational factors. You should notify Legend Advisory or your Advisor promptly if you do not receive account statements from your custodian at least quarterly, or you believe the information on your statement is inaccurate.

On May 8, 2017, Deloitte & Touche LLP issued its opinion based on a Custody Audit of Legend Advisory stating that Legend Advisory was in compliance with the Custody Rules under the Investment Advisers Act of 1940 as of September 30, 2016, and had complied with Rule 204-2(b) for the period from January 1, 2016 through September 30, 2016 in all material respects except that Legend Advisory did not promptly transmit customer funds received into customer accounts within its prescribed time frame for processing funds. This exception was corrected as of December 1, 2016.

## **Investment Discretion**

For our discretionary asset management programs, Legend Advisory has discretionary authority to select the securities and amount of securities to be bought, sold or exchanged. Clients grant this authority (limited power of attorney) to Legend Advisory in their written advisory agreement. Legend Advisory exercises such discretion in a manner consistent with the risk and investment objectives of the particular model portfolio and program selected by the client, along with any reasonable restriction imposed by the client on the management of their account. In the GPS Allocation Series and Manager Series, discretionary authority is assigned to the third-party Strategist and/or Manager selected to manage your account.

If you would like to place any reasonable restrictions on the management of your account, you may do so by contacting us, in writing, at Legend Advisory, Attention: Operations Department, 601 Office Center Drive Suite 300 Fort Washington, PA 19034. Your account may not be accepted or may be terminated if we deem an imposed restriction to be unreasonable (for example, if the restriction is clearly inconsistent with the portfolio's stated investment strategy or philosophy of your stated investment objective, the restriction is fundamentally inconsistent with the nature or operation of the firm's asset allocation program, etc.). In such a situation, Legend Advisory shall provide you with the opportunity to modify or withdraw the unreasonable restriction before rejecting or terminating your account.

## **Voting Client Securities**

Neither your Advisor nor Legend Advisory will assume authority to and does not vote proxies on your behalf. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your account, with the exception of the GPS Allocation Series and Manager Series where proxy voting may be assigned to the Strategist or third-party Manager utilized for your account. Legend Advisory as a Strategist in the GPS Allocation Series will not accept proxy voting on behalf of its investors. You will receive proxy statements directly from your custodian or the investment company. If you are responsible for receiving and voting proxies for the securities maintained in your account, Legend Advisory may provide advice to you regarding proxy voting at your request. You may change a third-party manager's

voting authorization at any time by contacting us, in writing, at Legend Advisory, Attention: Operations Department, 4600 East Park Drive, Suite 300, Palm Beach Gardens, FL 33410.

**Financial Information**

Legend Advisory has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, has not been the subject of a bankruptcy proceeding and does not require prepayment of fees greater than \$1,200 per client six months or more in advance.



**Legend Advisory, LLC Investment Management  
& Research (“IM&R”) Team**

Shashi Mehrotra, CFA<sup>®</sup>  
Stephen T. Mayhew, CFA<sup>®</sup>, CPA, CFP<sup>®</sup>

**Form ADV Part 2B Brochure Supplement**

As of March 29, 2018

**This brochure supplement provides you with information about the Investment Management & Research (IM&R) team of Legend Advisory, LLC who have the most significant day-to-day management responsibilities for the Legend Advisory managed portfolios. This information supplements the information contained in the Legend Advisory Form ADV 2A and/or Wrap Fee Program brochure, which you should have received. Please contact the Compliance Department (800) 242-1421 if you did not receive the applicable brochure or if you have any questions about the contents of this supplement.**

**Additional information about the Investment Management & Research (IM&R) Team is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Shashi Mehrotra, CFA<sup>®</sup>**

## **Item 2 - Educational Background and Business Experience**

Year of Birth: 1966

### **Education**

Bachelor of Engineering from Osmania University, 1989

Master of Business Administration from Florida Atlantic University, 1994

### **Business Experience**

Legend Advisory, LLC, MM 1995 – Present, Chief Investment Officer /Chief Operating Officer

Legend Advisory, LLC, April 2011 – Present, Investment Adviser Representative

Lincoln Investment Planning, LLC, January 2017 – Present, Registered Representative

Legend Equities Corporation, January 1996 – January 2017, Registered Representative

### **Professional Licenses/Designations**

Shashi Mehrotra holds the Chartered Financial Analyst (CFA<sup>®</sup>) designation. The program that leads to the CFA<sup>®</sup> designation involves three exams levels, at least four (4) years of relevant work experience or a bachelor's degree (or equivalent) from an accredited college or university, ethics requirements and 20 hours of professional continuing education credits each year to maintain the designation. The program that leads to the CFA<sup>®</sup> designation is a graduate-level program.

## **Item 3 - Disciplinary Information**

Shashi Mehrotra has no material legal or disciplinary events to report.

## **Item 4- Other Business Activities**

Shashi Mehrotra also acts as a Registered Representative of Lincoln Investment Planning, LLC, a broker-dealer and affiliate of Legend Advisory. As an Investment Adviser Representative, Mr. Mehrotra receives a portion of the advisory fee you pay for asset management services. As a Registered Representative, Mr. Mehrotra receives commissions and bonuses based on the sale of securities in a non-advisory account, including distribution or service (“trail”) fees from the sale of mutual funds. Mr. Mehrotra's receipt of such compensation gives him an incentive to recommend investment products based on the compensation received, rather than on your needs. You should consider the various types of compensation Mr. Mehrotra receives when determining whether a fee-based or transaction-based account is best suited to meet your individual needs and goals.

In addition to these activities, Mr. Mehrotra sits on the Investment Management Committee of other registered investment advisers, including GenSpring Family Offices, LLC, AM Global Family Investment Office, LLC and Waddell & Reed, Inc., where he participates in quarterly meetings that include discussions on the markets and economies. Mr. Mehrotra also sits on the Board of Advisors of Cosmos Analytics, LLC, a data sciences company, and acts as an advisor to the Board of Directors of Clear Water Plasma, a water-engineering company, where he assists with strategic financial and investment decisions.

**Item 5- Additional Compensation**

Shashi Mehrotra does not receive additional compensation outside of his regular salary and bonuses from someone who is not a client for providing advisory services.

**Item 6 - Supervision**

Shashi Mehrotra is the Chief Investment Officer and Chief Operating Officer of Legend Advisory and reports to Steve Mayhew, Senior Vice President of Capital Analysts. Mr. Mayhew can be reached at (215) 881-7734. Legend Advisory monitors recommended and implemented asset allocation decisions made by Mr. Mehrotra as the firm's Chief Investment Officer in an effort to ensure each portfolio is managed in accordance with its prescribed objective. Mr. Mehrotra is also an Investment Adviser Representative of Legend Advisory. Legend Advisory supervises Mr. Mehrotra, in such capacity, through audits and other reviews. Mr. Mehrotra is responsible for supervising the advisory activities of Legend Advisory and can be reached by contacting (866) 774-8671.



**Stephen T. Mayhew, CFA, CPA, CFP®**

## **Item 2 - Educational Background and Business Experience**

Year of Birth: 1957

### **Education**

Master of Business Administration, Drexel University, 1984

Bachelor of Science, Business, Pennsylvania State University, 1979

### **Business Experience**

Capital Analysts, LLC, June 2012 – Present, Senior Vice President and Chief Investment Officer

Capital Analysts, LLC, June 2012 – Present, Investment Adviser Representative

Lincoln Investment Planning, LLC, June 2012 – Present, Financial Advisor

Capital Analysts, Incorporated, 1986 – June 2012, Senior Vice President

### **Professional Licenses/Designations**

Mr. Mayhew holds general securities principal, general securities representative, commodities, and research analyst licenses with Lincoln Investment Planning, LLC (Lincoln Investment), a registered broker dealer and investment adviser and an affiliate of Capital Analysts, LLC. Mr. Mayhew is also registered with the National Futures Association. In addition, Mr. Mayhew maintains the following professional designations:

#### *Chartered Financial Analyst (CFA)*

Designation Status: Currently offered and recognized by the issuing organization

Issuing Organization: CFA Institute

Prerequisites/Experience Required: Candidate must meet one of the following requirements:

Undergraduate degree and four years of professional experience involving investment decision-making, or four years qualified work experience (full time, but not necessarily investment related)

Educational Requirements: Self-study program (250 hours of study for each of the three levels)

Examination Type: Three course exams

Continuing Education/Experience Requirements: None

#### *Certified Public Accountant (CPA)*

Certified Public Accountant (CPA) is the statutory title of qualified accountants in the United States who have passed the Uniform Certified Public Accountant Examination and have met additional state education and experience requirements for certification as a CPA. Individuals who have passed the Exam but have not either accomplished the required on-the-job experience or have previously met it but in the meantime have lapsed their continuing professional education are, in many states, permitted the designation "CPA Inactive" or an equivalent phrase. In most U.S. states, only CPAs who are licensed are able to provide the public attestation (including auditing) opinions on financial statements. The exceptions to this rule are Arizona, Kansas, North Carolina and Ohio where, although the "CPA" designation is restricted, the practice of auditing is not.

#### *Certified Financial Planner (CFP®)*

Designation Status: Currently offered and recognized by the issuing organization

Issuing Organization: Certified Financial Planner Board of Standards, Inc.

Prerequisites/Experience Required: A candidate must meet the following requirements; A bachelor's degree (or higher) from an accredited college or university and three years of full-time personal financial planning experience.

Educational Requirements: Candidate must complete a CFP-board registered program, or hold one of the following: CPA, ChFC, CLU, CFA, Ph.D. in business or economics, Doctor of Business Administration, or a bar admission

Examination Type: CFP Board of Standards 10 hour board exam

Continuing Education/Experience Requirements: 30 hours every two years

### **Item 3 - Disciplinary Information**

Mr. Mayhew has no material legal or disciplinary events to report.

### **Item 4- Other Business Activities**

The Investment Team is responsible for the proprietary asset management programs offered by Legend Advisory, LLC, Capital Analysts, LLC and Lincoln Investment Planning, LLC, affiliated investment advisers. The management of portfolios for both investment advisers may create a conflict of interests.

Mr. Mayhew serves as a FINRA Dispute Resolution Arbitrator.

### **Item 5- Additional Compensation**

Generally, members of the Investment Management Team are compensated through salaries and annual bonuses. They may be compensated with profit sharing contributions and, in some cases, participation in a long-term incentive plan. Salaries are fixed annually and are driven by the marketplace. Compensation is not affected by an increase in advised assets.

Please see the *Services, Fees and Compensation* section of the accompanying Form ADV 2A and/or Wrap Program brochure. This section describes in detail other potential forms of compensation in addition to the advisory fee paid to Lincoln Investment or Capital Analysts.

### **Item 6 - Supervision**

The individual responsible for monitoring the advisory activities of Mr. Mayhew is Denis Houser, President and CEO of Legend Advisory, LLC. Mr. Houser or his designee is responsible to review the duties, responsibilities and trading of Mr. Mayhew and the Investment Management & Research (IM&R) Team. If you have any questions about the trading or allocations in your account, please contact Mr. Houser at (215) 887-8111 ex. 4619.