



# FOUNDERS FINANCIAL ALLIANCE

## Wrap Program Brochure

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This wrap fee program brochure provides information about the qualifications and business practices of Founders Financial Alliance, LLC. If you have any questions about the contents of this brochure, please contact Founders Financial Alliance, LLC at (855) 860-5940 or [tom.porter@foundersfa.com](mailto:tom.porter@foundersfa.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration does not imply a certain level of skill or training. Additional information about Founders Financial Alliance, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

There were no material changes to our ADV Wrap brochure since the last annual update was submitted.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

A copy of the latest brochure may be requested by contacting our compliance department at (855) 860-5940.

## Item 3 – Table of Contents

### Contents

Item 1 – Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents.....	3
Item 4 – Services, Fees and Compensation .....	4
Other Types of Fees and Charges .....	5
Item 5 – Account Requirements and Types of Clients.....	7
Item 6 – Portfolio Manager Selection and Evaluation .....	7
Item 7 – Client Information Provided to Portfolio Managers.....	16
Item 8 – Client Contact with Portfolio Managers .....	17
Item 9 – Additional Information .....	17

## Item 4 – Services, Fees and Compensation

### Services

Founders Financial Alliance, LLC (“Advisor”) offers asset management services based on the individual needs of the client. This Brochure provides a description of the advisory services offered under the Founders Financial Alliance, LLC Wrap program. For more information about Founders Financial Alliance, LLC’s other investment advisory services, please contact Founders Financial Alliance, LLC for a copy of a similar brochure that describes such services or go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). In the Founders Financial Alliance, LLC Wrap program, investment advisor representatives (“IARs”) provide ongoing investment advice and management on assets in the client’s account. The IAR provides advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds (“ETFs”), variable annuity subaccounts, equities, fixed income securities. The IAR provides advice that is tailored to the individual needs of the client based on the investment objective chosen by the client. Clients may impose restrictions on investing in certain securities or groups of securities by indicating in the written advisory agreement with the IAR.

The IAR provides management services on a discretionary or non-discretionary basis. The client authorizes the IAR to have discretion on an advisory agreement. Clients may also elect to have a non-discretionary account where, if accepted, the IAR will secure the client’s permission prior to effecting any securities transactions in the client’s account. Assets for program accounts are held at qualified custodians. The custodian acts as executing broker/dealer for transactions placed in program accounts, and provides other administrative services as described throughout this Brochure.

Founders Financial Alliance, LLC through its IARs may offer discretionary advisory asset management services through programs at other broker-dealer and qualified custodians based on the individual needs of clients. As part of the advisory program, a registered broker-dealer that is a member of FINRA and SIPC will maintain custody of the client’s assets and effect trades for their accounts. The final decision to custody assets with a broker-dealer is made by the IAR’s client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either plan sponsor or IRA account holder.

### Fees

In the Founders Financial Alliance, LLC Wrap program, clients pay Founders Financial Alliance, LLC a single annual advisory fee for advisory services and execution of transactions. Clients do not pay for financial planning, consulting services, or transaction charges in addition to the advisory fee. The advisory fee is negotiable between the client and the IAR and is set out in the advisory agreement. The advisory fee is a percentage based on the value of all assets in the account, including cash holdings. The maximum advisory fee is 2%. The advisory fee may be higher than the fee charged by other investment advisors for similar services. The advisory fee is paid to Founders Financial Alliance, LLC and is shared between Founders Financial Alliance, LLC and its associated persons. Founders Financial Alliance, LLC does not accept performance-based fees for program accounts.

Total Assets Under Management	Annual Fee
First - \$0 - \$500,000	Up to 2%
Next - \$500,001 - \$1,000,000	Up to 1.95%
Next - \$1,000,000 - \$5,000,000	Up to 1.9%
More than \$5,000,000	Negotiable – Client Initials (California Clients)

Lower fees for comparable services may be available from other sources.

The advisory fee is deducted from the account by the qualified custodian of assets based on a written authorization from the client. The qualified custodian deducts the advisory fee quarterly in advance or arrears. If the advisory agreement is terminated before the end of the quarterly period, client is entitled to a pro-rated refund of any pre-paid quarterly advisory fee based on the number of days remaining in the quarter after the termination date, which will be processed by the custodian.

Although clients do not pay a transaction charge for transactions in a program account, clients should be aware that the IAR may pay the qualified custodian transaction charges for the transactions. The transaction charges paid by the IAR vary based on the type of transaction (e.g., mutual fund, equity or fixed income security) and range from \$0 to \$50. Because the IAR pays the transaction charges in program accounts, there is a conflict of interest. Clients should understand that the cost to the IAR of transaction charges may be a factor that the IAR considers when deciding which securities to select and how frequently to place transactions in a program account.

#### Other Types of Fees and Charges

Program accounts will incur additional fees and charges from parties other than the IAR as noted below. These fees and charges are in addition to the advisory fee paid to Founders Financial Alliance, LLC. Founders Financial Alliance, LLC does not share in any portion of these third-party fees.

The custodian and broker-dealer providing brokerage and execution services on program accounts will impose certain fees and charges. The qualified custodian notifies clients of these charges at account opening and makes available a list of these fees and charges on its website. The qualified custodian will deduct these fees and charges directly from the client's program account.

There are other fees and charges that are imposed by other third parties that apply to investments in program accounts. Some of these fees and charges are described below.

- If a client's assets are invested in mutual funds or other pooled investment products, clients should be aware that there will be two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. Client will also pay Founders Financial Alliance, LLC the advisory fee with respect to those assets.

Most of the mutual funds available in the program may be purchased directly. Therefore, clients could generally avoid the second layer of fees by not using the management services of Founders Financial Alliance, LLC and by making their own investment decisions.

- Certain mutual funds impose fees and charges such as contingent deferred sales charges, early redemption fees and charges for frequent trading. These charges may apply if client transfers into or purchases such a fund with the applicable charges in a program account.
- Although only no-load and load-waived mutual funds can be purchased in a program account, client should understand that some mutual funds pay asset-based salescharges or service fees (e.g., 12b-1 fees) to the custodian with respect to account holdings.
- If client holds a variable annuity as part of an account, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor.

Further information regarding fees assessed by a mutual fund, or variable annuity is available in the appropriate prospectus, which is available upon request from the IAR or from the product sponsor directly.

### **Other Important Considerations**

- The advisory fee is an ongoing wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. The advisory fee may cost the client more than purchasing the program services separately, for example, paying an advisory fee plus commissions for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the type and size of the account, historical and or expected size or number of trades for the account, and number and range of supplementary advisory and client-related services provided to the client.
- The advisory fee also may cost the client more than if assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a program account.
- The IAR recommending the program to the client receives compensation as a result of the client's participation in the program. This compensation includes the advisory fee and also may include other compensation, such financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist IAR in providing various services to clients. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services.

Therefore, the IAR may have a financial incentive to recommend a program account over other programs and services.

- The investment products available to be purchased in the program can be purchased by clients outside of a program account, through broker-dealers or other investment firms not affiliated with the IAR.
- IARs may also be licensed insurance agents. In the capacity of an insurance agent, they may recommend the purchase of certain insurance-related products on a commission basis in addition to advisory fees.
- The purchase of securities and/or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from IARs of the firm. Clients may purchase investment products recommended by IARs through other, non-affiliated broker/dealers or insurance agents. Such conflicts are subject to review by the Chief Compliance Officer for consistency with the firm's Code of Ethics.
- Founders Financial Alliance, LLC may establish agreements with a third-party adviser where that third-party adviser offers various types of directly sponsored programs. Founders Financial Alliance, LLC will ensure that any third-party adviser is properly registered and/or notice-filed with the Department.
- The IAR has a conflict of interest and an incentive to recommend one third-party advisers over another; however, the firm has a fiduciary duty to act in the best interests of the client.

## Item 5 – Account Requirements and Types of Clients

A minimum accounts value of \$25,000 is generally required for the program. In certain instances, Founders Financial Alliance, LLC will permit a lower minimum account size.

The program is available for individuals, High Net Worth Individuals, and businesses.

## Item 6 – Portfolio Manager Selection and Evaluation

In the Founders Financial Alliance, LLC Wrap program, the IAR is responsible for the investment advice and management offered to clients.

IARs of Founders Financial Alliance, LLC serve as the portfolio manager and are generally required to have several years of experience dealing with individuals and small business as well as a college degree and/or industry professional designation. Since IARs directly serve as the portfolio manager there is not a selection process for replacing or recommending outside portfolio managers.

Neither Founders Financial Alliance, LLC nor a third-party reviews portfolio manager performance information or prepares a performance report for the Wrap Fee Program.

However, individual account performance reports are provided to clients on a quarterly basis by the qualified custodian.

In the Founders Financial Alliance, LLC Wrap program, the IAR provides ongoing investment advice and management on assets in the client's account. The IAR provides advice on the purchase and sale of various types of investments, such as mutual funds, unit investment trusts ("UITs"), exchange-traded funds ("ETFs"), exchange-traded notes ("ETNs"), leveraged and inverse ETFs, ETNs and mutual funds, options, structured products, hedge funds and managed futures, annuities, real estate investment trusts ("REITs"), equities, and fixed income securities. The IAR provides advice that is tailored to the individual needs of the client based on the investment objective chosen by the client. Clients may impose restrictions on investing in certain securities or groups of securities by indicating in the written advisory agreement with the IAR.

There are no differences between how the wrap fee program is managed and how other accounts are managed. However, Founders Financial Alliance, LLC may charge a higher fee, up to 2%, and receive a portion of the wrap fee for services provided. The combined total fee will not exceed 2.0%. The program may cost more or less than purchasing such services separately.

The other programs provided by the adviser include:

- **Asset Management**

Founders Financial Alliance, LLC through its IARs provides ongoing investment advice and management on assets. More specific account information and acknowledgements are further detailed on the account application.

Founders Financial Alliance, LLC through its IARs may offer discretionary advisory asset management services through programs at other broker-dealer and qualified custodians based on the individual needs of clients. As part of the advisory program, a registered broker-dealer that is a member of FINRA and SIPC will maintain custody of the client's assets and effect trades for their accounts. The final decision to custody assets with a broker-dealer is made by the IAR's client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either plan sponsor or IRA account holder.

IARs provide advice on the purchase and sale of various types of investments, such as mutual funds, unit investment trusts ("UITs"), exchange-traded funds ("ETFs"), exchange-traded notes ("ETNs"), leveraged and inverse ETFs, ETNs and mutual funds, options, structured products, hedge funds and managed futures, annuities, real estate investment trusts ("REITs"), equities, and fixed income securities. The advice is tailored to the individual needs of the client based on the investment objective chosen by the client in order to help assist clients in attempting to meet their financial goals. Accounts are reviewed on a regular basis and rebalanced as necessary according to each client's investment profile.

A minimum account value of \$0 is generally required for the program. In certain instances, Founders Financial Alliance, LLC will permit a lower minimum account size.

Assets managed in a wrap fee account are not managed differently from a non-wrap fee account. However, Founders Financial Alliance, LLC may charge a higher fee, up to 2%, and receive a portion of the wrap fee for services provided.

Founders Financial Alliance, LLC offers asset management on a discretionary and non-discretionary basis. As of December 31, 2019, the firm has \$316,705,929 of discretionary and \$1,102,439 of non-discretionary assets under management.

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

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. The IAR will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. The IAR will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

OMP is one of several portfolio platforms centrally managed by LPL. OMP enables IARs of Founders Financial Alliance, LLC to manage client assets through diversified asset allocation models, professional money management, automatic rebalancing, and online marketing and sales support.

A minimum account value of \$15,000 is required for OMP.

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

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL.

The IAR will have discretion for selecting the asset allocation model portfolio based on client's investment objective. The IAR will also have discretion for selecting third party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

Founders Financial Alliance, LLC is not acting as a cash solicitor for LPL or other third-party money managers. Personal Wealth Portfolios Program (PWP) is an advisory platform that uses asset allocation model portfolios designed by LPL Financial but managed by IARs of Founders Financial Alliance, LLC.

A minimum account value of \$250,000 is required for PWP.

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

MWP offers clients a professionally managed mutual fund asset allocation program. Founders Financial Alliance, LLC IARs will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an

appropriate investment objective. The IAR will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, the IAR will have discretion to choose among the available models designed by LPL and outside strategists. A minimum account value of \$25,000 is required for MWP.

- **Manager Access Select Program**

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. The IAR will assist client in identifying a third-party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. The IAR will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

An IAR recommending the wrap fee program receives compensation as a result of a client's participation in the program. The amount of this compensation may be more than what the person would receive if the client participated in other programs or paid separately for investment advice, brokerage, and other services. Therefore, IARs may have a financial incentive to recommend the wrap fee program over other programs or services.

There may be additional fees on assets held in the wrap program, such as mutual fund expenses and mark-ups, mark-downs, or spreads paid to market makers. A more detailed description of these fees and circumstances is detailed above in Item 4 above.

Neither the firm or any supervised persons accepts performance-based fees, fees based on a share of capital gains on or capital appreciation of the assets of a client such as a hedge fund or other pooled investment vehicle.

Neither the firm or any supervised persons manages side-by-side accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee.

IARs are restricted to providing services and charging fees based in accordance with the descriptions

detailed in this document and the account agreement. However, the exact service and fees charged to a particular client are dependent upon the representative that is working with the client. IARs are instructed to consider the individual needs of each client when recommending an advisory platform. Investment strategies and recommendations are tailored to the individual needs of each client. Individuals associated with Founders Financial Alliance, LLC may also be registered representatives of LPL Financial, an SEC registered broker/dealer, a member of the Financial Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Any securities transactions shall be directed to LPL Financial for execution. Founders Financial Alliance, LLC and LPL Financial are not affiliated legal entities.

For more information about the IAR managing the account, client should refer to the Brochure Supplement for the associated person, which client should have received along with this Brochure at the time client opened the account.

The qualified custodian performs certain administrative services for the IAR, including generation of quarterly performance reports for program accounts. Client will receive an individual quarterly performance report, which provides performance information on a time weighted basis. The performance reports are intended to inform clients as to how their investments have performed for a period, both on an absolute basis and compared to leading investment indices.

#### **Methods of Analysis and Investment Strategies**

- **Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value.

The risk assumed is that the market will fail to reach expectations of perceived value.

- **Asset Allocation** involves, rather than focusing primarily on securities selection, our IARs may attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for a client's goals.
- **Technical analysis** involves the analysis of past market data; primarily price and volume. Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.
- **Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security. Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement

this strategy, then it changes the very cycles these investors are trying to exploit.

- **Modern Portfolio Theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset. Modern Portfolio Theory assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.
- **Third Party Manager Analysis** involves our IARs examining the experience, expertise, investment philosophies, and past performance of independent third-party managers in an attempt to determine if a manager has demonstrated an ability to invest over a period of time and in different economic conditions. They monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall risk assessment. Additionally, as part of their due diligence, the IARs may survey the manager's compliance and business enterprise risks. A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is a risk that a manager may deviate from the stated investment strategy of the portfolio, making it a less suitable investment for our clients.

Moreover, as we do not control the manager's daily business and compliance operations, it is possible for us to miss the absence of internal controls necessary to prevent business, regulatory or reputational deficiencies.

- **Alternative Strategy Mutual Funds** - Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry.
- **Closed-End Funds** - Client should be aware that closed-end funds available within the program are not readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.
- **Unit Investment Trust (UIT)** – An investment company that offers a fixed, unmanaged portfolio, generally of stocks and bonds, as redeemable "units" to investors for a specific period of time. It is designed to provide capital appreciation and/or dividend income. UITs can be resold in the secondary market. A UIT may be either a regulated investment corporation (RIC) or a grantor trust.

The former is a corporation in which the investors are joint owners; the latter grants investors proportional ownership in the UIT's underlying securities.

- **Equity** – Investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.
- **Fixed Income** – Investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.
- **Exchange-Traded Funds (ETFs)** - ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the “spread.”

The spread varies over time based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities are not registered as an investment company.

- **Exchange-Traded Notes (ETNs)** - An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.
- **Leveraged and Inverse ETFs, ETNs and Mutual Funds** - Leveraged ETFs, ETNs and mutual funds, sometimes labeled “ultra” or “2x” for example, are designed to provide a multiple of the underlying

index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and are generally not appropriate as an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.

- **Options** - Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the selling (writing) of covered call options or the purchasing of put options on a security held in the program account. Client should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.
- **Structured Products** - Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection.

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

- **Hedge Funds and Managed Futures** - Hedge and managed futures funds are available for purchase in the program by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and

performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.

- **Margin Accounts** - Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down. The custodian, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports.
- **Annuities** - Are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy.

Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks; just as mutual funds do.

- **REIT (Real Estate Investment Trust)** - A REIT is an investment vehicle that must invest at least 75% of the total assets in real estate ventures and the operation of commercial properties such as apartment complexes, hospitals, office buildings, timber land, warehouses, hotels and shopping malls. Returns are based on the revenue of the underlying real property. A REIT is required to distribute at least 90% of taxable income to shareholders annually in the form of dividends. That means that after property upkeep and management costs are paid, the REIT has to pay out at least 90% of the profit and can keep up to 10% for new investments. Because of this requirement, many REITs pay very high dividend rates, some of which is a return of capital (a non-taxed return of the initial amount invested). There are three primary types of REITs:
  1. **Equity REITs** invest in and own properties.
  2. **Mortgage REITs** invest in and own property mortgages.
  3. **Hybrid REITs** invest in both properties and mortgages.

REITs provide a liquid and non-capital-intensive way to invest in real estate without actually owning the property.

REITs are subject to different risk tranches that include factors such as specific geographic region, concentration risk and housing trends.

***It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable. Investing in securities involves the risk of loss that clients should be prepared to bear.***

### **Voting Client Securities**

The IAR does not accept authority to vote client securities. Clients retain the right to vote all proxies that are solicited for securities held in the account. Clients will receive proxies or other solicitations from the custodian of assets. If clients have questions regarding the solicitation, they should contact the IAR or the contact person that the issuer identifies in the proxy materials. In addition, the IAR does not accept authority to take action with respect to legal proceedings relating to securities held in the account.

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

In the Founders Financial Alliance, LLC Wrap program, the IAR is responsible for account management; there is no separate portfolio manager involved. The IAR obtains the necessary financial data from the client and assists the client in setting an appropriate investment objective for the account. The IAR obtains this information by having the client complete an advisory agreement and other documentation. Clients are encouraged to contact the IAR if there have been any changes in the client's financial situation or investment objectives or if they wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions. Client should be aware that the investment objective selected for the program is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time. Client should further be aware that achievement of the stated investment objective is a long-term goal for the account.

The Firm policy requires an annual client meeting (one review every 12 months) to determine if there have been any changes in the client's financial situation, investment objectives, or restrictions. In addition, the meeting should incorporate the account performance, appropriateness of the account, and any other information determined pertinent to the client situation. The annual meeting may occur by phone, in person, via e-mail, or via video conference and documentation will be maintained to evidence that at a minimum the following topics were reviewed:

- The client's financial status
- Risk Tolerance
- Time Horizon
- Investment Objective and Goals
- Asset Allocation and/or Account Holdings

Additionally, on an annual basis, IARs should review the performance of the client's advisory account and investment objectives.

### **Third Party Advisory Services**

Founders Financial Alliance, LLC may establish agreements with a third-party adviser where that third-party adviser offers various types of directly sponsored programs. All third-party advisers to whom Founders Financial Alliance, LLC IARs may refer clients will be licensed as investment advisers by their resident state and any applicable jurisdictions or registered investment advisers with the SEC.

After gathering information about a client's financial situation and investment objectives, the IAR may assist the client in selecting a particular third-party program. Founders Financial Alliance, LLC receives compensation pursuant to its agreements with these third-party advisers for introducing clients to

these third-party advisers and for certain ongoing services provided to clients. Fees shared will not exceed with any limit imposed by any federal and/or state regulatory agency.

This compensation is disclosed in a separate disclosure document and is typically equal to a percentage of the investment advisory fee charged by that third-party adviser or a fixed fee. The disclosure document provided by Founders Financial Alliance, LLC will clearly state the fees payable to Founders Financial Alliance, LLC and the impact to the overall fees due to these payments.

Since the compensation paid to Founders Financial Alliance, LLC may differ depending on the agreement with each third-party adviser, the IAR has an incentive to recommend one third-party advisers over another however the firm has a fiduciary duty to act in the best interests of the client.

Clients who are referred to third-party investment advisers will receive full disclosure, including services rendered and fee schedules, at the time of the referral, by delivery of a copy of the relevant third-party adviser's Form ADV 2A as well as the Form ADV 2A for Founders Financial Alliance, LLC. In addition, if the investment program recommended to a client is a wrap fee program the client will also receive the wrap fee program brochure provided by the sponsor of the program.

Clients will be required to enter in to an advisory agreement and complete other account specific documents with the third party money manager in order to establish an account. While the IAR will assist in determining an appropriate third party adviser, the IAR does not participate in the management of account established with a third party money manager.

Prior to introducing Pennsylvania clients to another investment adviser ("IA"), Founders Financial Alliance, LLC will be responsible for determining the following:

- a. whether the IA is registered with this Department under Section 301 of the Pennsylvania Securities Act of 1972 ("1972 Act");
- b. whether the IA is relying on an exclusion from the definition of investment adviser under Section 102G) of the 1972 Act;
- c. whether the IA is relying on an exemption from registration under Section 302(d) of the 1972 Act; or
- d. if the IA is registered with the Securities and Exchange Commission, and whether it has filed Notification Filing with this Department under Department Regulation 303.015(a).

## Item 8 – Client Contact with Portfolio Managers

Client should contact the IAR at any time with questions regarding program accounts.

## Item 9 – Additional Information

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an advisory firm or the integrity of a firm's management.

Any such disciplinary information for the company and the company's investment advisor representatives would be provided herein and publicly accessible by selecting the Investment Advisor Search option at <http://www.adviserinfo.sec.gov>. There are no legal or disciplinary events to disclose.

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

IARs may also be registered representatives of LPL Financial, an unaffiliated SEC registered and FINRA/SIPC member broker/dealer. Clients may choose to engage an IAR in their capacity as a registered representative of the unaffiliated LPL Financial broker/dealer, to implement investment recommendations on a commission basis. IARs of Founders Financial Alliance, LLC may receive compensation for the sale of securities or other investment products in their capacity as a registered representative of LPL Financial.

Representatives of our firm may also be insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. Insurance products will only be offered in states where the representative offering insurance is properly licensed.

A conflict of interest will arise as these insurance sales may create an incentive to recommend products based on the compensation the IAR and/or our supervised persons may earn and may not necessarily be in the best interests of the client. Such potential conflicts of interest are subject to review by the Chief Compliance Officer.

Certain IARs may be certified public accountants (CPAs) and offer accounting services through their accounting practice. Founders Financial Alliance, LLC does not endorse or recommend the services of the IARs in their capacity as CPAs. Further, none of the services offered by Founders Financial Alliance, LLC are to be considered legal or accounting services. Clients are under no obligation to participate in accounting services offered by IARs who may be CPAs.

Representatives of our firm may also be attorneys. They may offer legal advice and receive customary fees as a result of legal advice rendered through their law practice.

FFA does not endorse or recommend the services of the IARs in their capacity as an attorney. Further, none of the services offered by FFA are to be considered legal or accounting services. Clients are under no obligation to participate in legal services offered by IARs who may be attorneys.

Founders Financial Alliance, LLC may recommend or select other investment advisers for our clients and receive compensation directly or indirectly from those advisers that creates a material conflict of interest. Depending on the specific engagement, Founders Financial Alliance, LLC may split advisory fees with a third-party investment adviser but the total fee charged to client will not exceed 2.0%.

Neither Founders Financial Alliance, LLC nor any of the management persons are registered or has a registration pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Founders Financial Alliance, LLC will ensure third party investment advisers are properly registered, licensed, and/or notice-filed with the appropriate state(s).

Founders Financial Alliance, LLC IARs may or may not have discretion over client funds as indicated in the advisory agreement.

FFA is affiliated with LPL Financial as a Hybrid RIA firm. This means that FFA is operating as an RIA and separate entity from LPL Financial. Concurrently FFA advisors can operate as Registered Representatives (RRs) with LPL Financial acting as their broker/dealer firm. In these instances, FFA firm management also serves as the OSJ for those advisors and provides compliance supervision services under LPL Financial OSJ written supervisory procedures. The firm would receive an agreed upon percentage or flat fee amount of commissions generated by an advisor receiving OSJ services provided by the firm. This includes portions of possible production bonuses earned by the advisor under the LPL Financial broker/dealer agreement.

Because of our relationship with broker/dealers or other custodians, the firm will receive production bonuses production bonuses and other things of value such as free or reduced-cost attendance at national sales conferences or top producer forums and events. Such compensation may be based on overall business produced and/or on the amount of assets services through the broker/dealer or custodian. There is financial incentive to recommend that you establish an account so that we will be compensated. We take our responsibilities to clients seriously and we will only recommend that clients hire us for management services if we believe it is appropriate and in their best interests.

FFA may own or lease office properties which can then be sub-leased to IARs of the firm or registered representatives which operate under the Office of Supervisory Jurisdiction associated with firm management.

FFA employs licensed administrative support staff to work directly with IARs and RRs under firm supervision to provide client support services for advisors who need those types of services in their practices. These services include but not limited to: account opening, trading, client management, phone support, and reporting services. For these services the advisor will reach an agreement to pay to the firm an agreed upon monthly amount for access to an administrative support member.

Founders Financial Alliance, LLC does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance or otherwise have actual or constructive custody of client funds. There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time Founders Financial Alliance, LLC been the subject of a bankruptcy petition.

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

A copy of Founders Financial Alliance, LLC's code of ethics is available to clients or prospective clients upon request by contacting Tom Porter at (855) 860-5940 or [tom.porter@foundersfa.com](mailto:tom.porter@foundersfa.com).

Founders Financial Alliance, LLC and its associated persons may invest in or otherwise own an interest in the same securities that are recommended to clients within program accounts. This creates a conflict of interest. All associated persons are required to place the interests of clients ahead of their own when making personal investments. In addition, Founders Financial Alliance, LLC requires that client transactions be placed before associated person personal transactions. Personal trading by associated

persons is monitored by Founders Financial Alliance, LLC. Associated persons may also buy or sell a specific security for their own account based on personal investment considerations, which Founders Financial Alliance, LLC may not deem appropriate to buy or sell for clients.

Founders Financial Alliance, LLC does not engage in principal transactions with its clients in program accounts.

Neither Founders Financial Alliance, LLC nor a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest.

### **Review of Accounts**

IARs conduct reviews of client advisory accounts on a periodic basis (at least annually) for consistency with the client's stated investment objectives, among other factors. All investment advisory clients are advised that it remains their responsibility to advise the IAR of any changes in their investment objectives and/or financial situation. IARs, may also conduct account reviews based on the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and by client request.

IARs of Founders Financial Alliance, LLC will review client SWM, MAS, MWP, PWP, OMP and third-party asset managed accounts on at least an annual basis to determine if changes are needed to the Portfolio Manager, Portfolio Strategist, PWP Advisor, Portfolio or Model, as applicable.

All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with their IAR on an annual basis.

During any month that there is activity in the program account, client will receive a monthly account statement from their custodian showing account activity as well as positions held in the account at month end. Additionally, client will receive a confirmation of each transaction that occurs within the program account unless the transaction is the result of a systematic purchase, redemption or exchange. Client will also receive a detailed quarterly report showing performance, positions and activity from their custodian Financial.

### **Other Compensation**

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

### **Fidelity Brokerage Services, LLC & Pershing, LLC**

Except for the arrangements outlined in Item 9 (Brokerage Practices) of this brochure, we have no additional arrangements to disclose.

### **Charles Schwab & Co., Inc.**

Founders Financial Alliance, LLC may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Schwab, a registered broker-dealer, member of SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Schwab provides Founders Financial Alliance, LLC with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab

Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Founders Financial Alliance, LLC client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

While, as a fiduciary, Founders Financial Alliance, LLC endeavors to act in its clients' best interests, the firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Founders Financial Alliance, LLC of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest.

### **TD Ameritrade, Inc.**

Founders Financial Alliance, LLC participates in TD Ameritrade's institutional customer program and Founders Financial Alliance, LLC may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Founders Financial Alliance, LLC's participation in the program and the investment advice it gives to its Clients, although Founders Financial Alliance, LLC receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Founders Financial Alliance, LLC participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Founders Financial Alliance, LLC by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Founders Financial Alliance, LLC's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Founders Financial Alliance, LLC but may not benefit its Client accounts.

These products or services may assist Founders Financial Alliance, LLC in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Founders Financial Alliance, LLC manage and further develop its business enterprise.

The benefits received by Founders Financial Alliance, LLC or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Founders Financial Alliance, LLC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Founders Financial Alliance, LLC or its related persons in and of itself creates a conflict of interest and may indirectly influence the Founders Financial Alliance, LLC's choice of TD Ameritrade for custody and brokerage services.

### **LPL Financial**

IARs of Founders Financial Alliance, LLC are also registered representatives with LPL. If an IAR has recently become associated with Founders Financial Alliance, LLC, the IAR may have received payments from LPL in connection with his/her transition to LPL as a registered representative and Founders Financial Alliance, LLC as an IAR from another broker/dealer and investment advisor firm. Tommy W. Porter, Jr., member manager of

Founders Financial Alliance, LLC, in his status as an LPL branch manager, will receive a portion of such payments. These payments, which may be significant, are intended to assist the registered representative/IAR with the costs associated with the transition, such as moving expenses, leasing space, furniture, staff and termination fees associated with moving accounts; however, there is no verification to confirm the use of these payments for such transition costs. These payments may be in the form of loans to the IAR, which are repayable to LPL or forgiven by LPL based on years of service with LPL (e.g., if the registered representative/IAR maintains a relationship with LPL for 3 years) and/or the scope of business engaged in with LPL, including the amount of advisory assets custodied with LPL that are managed by the Founders Financial Alliance, LLC IAR. The receipt of these payments presents a conflict of interest in that an IAR has a financial incentive to recommend that a client engage with Founders Financial Alliance, LLC and the IAR for advisory services in order for the loan to be forgiven. However, to the extent we recommend you establish or maintain an account with Founders Financial Alliance, LLC and LPL, it is because we believe it is in your best interest to do so, based on your goals and objectives, as well as the services offered. Founders Financial Alliance, LLC has processes in place to review IAR managed accounts for suitability over the course of the advisory relationship.

### **Product Sponsors**

Founders Financial Alliance, LLC and its associated persons may receive additional non-cash compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Product sponsors may also pay for education or training events that may be attended by Founders Financial Alliance, LLC's employees and associated persons.

### **Referral Fees**

If a client is introduced to Founders Financial Alliance, LLC by either an unaffiliated or an affiliated solicitor, Founders Financial Alliance, LLC may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisors Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Founders Financial Alliance, LLC's investment management fee, and shall not result in any additional charge to the client.

If the client is introduced to Founders Financial Alliance, LLC by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Founders Financial Alliance, LCL's Form ADV Part 2A with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Founders Financial Alliance, LLC and the solicitor, including compensation to be received by the solicitor from Founders Financial Alliance, LLC.

If Founders Financial Alliance, LLC introduces a client to another investment advisor or an investment manager, Founders Financial Alliance, LLC may be paid a referral or solicitor fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisors Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid according to a fee disclosure statement provided to the client at the time that the referral is made. When Founders Financial Alliance, LLC is acting as an unaffiliated solicitor, Founders Financial Alliance, LLC, at the time of the solicitation, shall disclose the nature of its solicitor relationship, and shall

provide each prospective client with a copy of Founders Financial Alliance, LLC's Form ADV 2A with a copy of the written disclosure statement from the investment advisor or investment manager to the client disclosing the terms of the solicitation arrangement between Founders Financial Alliance, LLC and the investment advisor or investment manager, including the compensation to be received by Founders Financial Alliance, LLC.

Founders Financial Alliance, LLC and its IARs may offer advisory services on the premises of unaffiliated financial institutions such as bank. Founders Financial Alliance, LLC may enter into agreements with financial institutions in which Founders Financial Alliance may share compensation, including a portion of the advisory fee, with the financial institution for the use of the financial institution's facilities and for client referrals.

There are no other economic benefits provided by someone who is not a client for providing investment advice. However, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist IAR in providing various services to clients may be provided by qualified custodian(s).

### **Financial Information Custody**

The qualified custodian maintains custody of client funds and securities in a separate account for each client under the client's name. The qualified custodian sends account statements showing all transactions, positions, and all deposits and withdrawals of principal and income. The qualified custodian sends account statements monthly when the account has had activity or quarterly if there has been no activity. Clients should carefully review those account statements. Founders Financial Alliance, LLC does not have actual or constructive custody of client funds.

Although most securities available in program accounts are custodied at a qualified custodian. There are certain securities managed as part of the account that are held at third parties. For example, variable annuities, hedge funds and managed futures are often held directly with the investment sponsor. For those outside positions, client will receive confirmations and statements directly from the investment sponsor.

For outside positions not custodied at the qualified custodian, the qualified custodian may receive information (e.g., number of shares held and market value) from the investment sponsor and display that information on statements and reports prepared by qualified custodian. Such information also may be used to calculate performance in performance reports prepared by the qualified custodian. Although Founders Financial Alliance, LLC believes that the information provided by the qualified custodian is accurate, Founders Financial Alliance, LLC recommends that clients refer to the statements and reports received directly from the investment sponsor and compare them with the information provided in any statements or reports from the qualified custodian. The statements and reports provided by the qualified custodian with respect to outside positions should not replace the statements and reports received directly from the investment sponsor.

Founders Financial Alliance, LLC does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance or otherwise have actual or constructive custody of client funds.

There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time has Founders Financial Alliance, LLC been the subject of a bankruptcy petition.

### **Brokerage Practices**

In the Founders Financial Alliance, LLC Wrap program, Founders Financial Alliance, LLC recommends the use of several broker-dealers, including, but not limited to LPL Financial, Charles Schwab & Company, Inc. (“Schwab”), Fidelity Brokerage Services, LLC (“Fidelity”), Pershing, LLC (“Pershing”) and TD Ameritrade, Inc. (“TD Ameritrade”) (collectively, the “Custodians”) to execute transactions in the account. Founders Financial Alliance, LLC is independently owned and operated and not affiliated with any of the aforementioned broker-dealers. Founders Financial Alliance, LLC may receive support services and/or products from the Custodians, many of which may assist Founders Financial Alliance, LLC to better monitor and service program accounts maintained on behalf of its clients. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- Investment related research
- Pricing information and market data
- Software and other technology that provide access to client account data
- Compliance and/or practice management-related publications
- Consulting services
- Attendance at conferences, meetings, and other educations and/or social events
- Marketing support
- Computer hardware and/or software
- Other products and services used by Advisor in furtherance of investment advisory business operations

These support services are provided to Founders Financial Alliance, LLC based on the overall relationship between Founders Financial Alliance, LLC and the Custodians. It is not the result of soft dollar arrangements or any other express arrangements with the Custodians that involves the execution of client transactions as a condition to the receipt of services. Founders Financial Alliance, LLC will continue to receive the services regardless of the volume of client transactions executed with the Custodians. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by the Founders Financial Alliance, LLC to the Custodians or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement.

Founders Financial Alliance, LLC has an arrangement with the Custodians. The Custodians offers to IARs non-soft dollar services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some non-soft dollar benefits from the Custodians through our participation in the program.

The Custodians may make certain research and brokerage services available at no additional cost to our firm. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by the Custodians may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by the Custodians to our firm in the performance of our investment decision-making responsibilities.

Although the non-soft dollar investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client maybe used to pay for research that is not used in managing that specific client’s account.

These non-soft dollars are a benefit to Founders Financial Alliance, LLC because the firm does not have to produce or pay for the research, products or services. Consequently, Founders Financial Alliance, LLC may have

an incentive to select, recommend or expand the brokerage services of the Custodians as a result of receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution. Our firm examined this conflict of interest when we chose to enter into the relationship with the Custodians and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

The Custodians charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Some custodians enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The Custodians commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by the Custodians may be higher or lower than those charged by other custodians and broker/dealers.

Clients may pay a commission to the Custodians that is higher than another qualified broker dealer might charge to affect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Our recommendation of the Custodians to our clients is based on our clients' interests in receiving best execution and the level of competitive, professional services the Custodians provides. Our firm does not receive client brokerage commissions (or markups or markdowns) to obtain research or other products or services. Neither does our firm receive brokerage commissions for client referrals.

Securities transactions in advisory accounts are generally executed through the Custodians as the qualified custodian and broker/dealer. IARs of Founders Financial Alliance, LLC may also maintain advisory accounts at other third-party custodians. In the event that a client elects a custodian other than the Custodians, Founders Financial anticipates to establish a payment structure similar to the structure already established with the Custodians.

IARs do not maintain discretionary authority in determining the broker/dealer with whom orders for the purchase and sale of securities are placed for execution or the commission rates at which such transactions are affected.

Each client that chooses the Custodians will be required to establish an account if not already done. Please note that not all advisers have this requirement.

For advisory services, Founders Financial Alliance, LLC and its related persons may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution.

When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. Founders Financial Alliance, LLC and its related persons may determine not to aggregate transactions, for example, based on the size of the trades, number of client accounts, the timing of trades, the liquidity of the securities and the discretionary or non-discretionary nature

of the trades. If Founders Financial Alliance, LLC or its related persons do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

Clients may direct their brokerage transactions at a firm other than the Custodians. However, we may be unable to achieve more favorable executions of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

The Custodians may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. Founders Financial Alliance, LLC and its related persons may determine not to aggregate transactions, for example, based on the size of the trades, number of client accounts, the timing of trades, the liquidity of the securities and the discretionary or non-discretionary nature of the trades. If Founders Financial Alliance, LLC or its related persons do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.