FORM ADV PART 2A

Current as of March 31, 2023

Commonwealth Financial Services, LLC
585 College Parkway
Parkersburg, WV 26104
(304) 422 – 3531
www.cfswv.com

This brochure provides information about the qualifications and business practices of Commonwealth Financial Services, LLC. If you have any questions about the contents of this brochure, please contact us at (304) 422-3531. Commonwealth Financial Services, LLC is registered with the Securities and Exchange Commission (SEC) as a registered investment adviser. Registration does not imply any level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Commonwealth Financial Services, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

This Item discusses only specific material changes that are made to this Brochure and provides clients with a summary of such changes. This is an initial filing.

Will I receive a brochure every year?
We may, at any time, update this brochure. Any material changes will either be sent to you as a summary of those changes or, depending on the extent of these changes, you will receive the entire updated brochure.

Can I request additional copies of the brochure?
Absolutely. You can request and receive additional copies of this brochure in one of three ways:

Contact your Advisor with whom you are working with.

Download the brochure from the SEC website at www.adviserinfo.sec.gov. Select "investment adviser firm" and type in our Firm name.

Contact CFS at 304 -422-3531.

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ITEM 4 – ADVISORY BUSINESS

Commonwealth Financial Services, LLC ("CFS") is registered as an investment adviser with the Securities and Exchange Commission ("SEC") in order to offer investment advisory products and services to its advisory clients. Advisory products and services are offered through Financial Advisers ("FAs") who have registered as Investment Adviser Representatives ("Advisory Representative"). Registration does not imply a certain level of skill or training. CFS is owned by Michael Seese, Todd Kimpel, and Daniel Spurgeon. CFS will henceforth be referred to as "we", "us", "our" or the "Firm".

We have been an SEC Registered Investment Adviser since 2023 and manage, as of January 31, 2023, $0 of assets on a discretionary basis and $0 on a non-discretionary basis.

Except as discussed below, each of our Advisory Representatives is permitted to offer all or any combination of the advisory programs described below to our clients ("you" or "your").

ASSET MANAGEMENT SERVICES PROGRAM

The Asset Management Services Program provides comprehensive investment management of your assets through highly customized and individualized investment strategies crafted to focus on your specific goals and objectives. We provide this investment management service through accounts maintained through Charles Schwab & Co., Inc. ("Schwab") and Fidelity Institutional Wealth Services ("Fidelity/IWS").

The Asset Management Service Program is a program where the Advisory Representative is the portfolio manager. Your Advisory Representative has the option to allocate your portfolio amongst a mix of stocks, bonds, options, exchange-traded funds, mutual funds and other securities ("Program Investments") which are based on your investment goals, objectives, and risk tolerance. Each portfolio is designed to meet your individual needs, stated goals and objectives. Additionally, you have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Wrap Fee Program Disclosures and Conflict of Interest

- The benefits under a wrap fee program depend, in part, upon the size of the account, the costs associated with managing the account, and the frequency or type of securities transactions executed in the account.
- A wrap fee program may not be suitable for all accounts, including, but not limited to, accounts holding primarily, and for any substantial period of time, cash or cash equivalent investments, fixed income securities, no-transaction-fee mutual funds, or any other type of security that can be traded without commissions or other transaction fees.
- In order to evaluate whether a wrap fee arrangement is right for you, you should compare the agree-upon Wrap Program Fee and any other costs associated with participating in our Wrap Fee Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and execution costs, and custodial services comparable to those provided under the Wrap Fee Program.

When managing a client's account on a wrap fee basis, we receive as compensation for our investment advisory services, the balance of the total wrap fee you pay after custodial, trading, and other management costs (including execution and transaction fees) have been deducted. Accordingly, we have a conflict of interest because we have a financial incentive to maximize our compensation by seeking to reduce or minimize the total costs incurred in your account(s) subject to a wrap fee.

Schwab and other custodians have eliminated commissions or transaction fees for online trades of U.S. equities, ETFs, and options (subject to a $0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay commissions to Schwab. We encourage you to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could 3exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account, please refer to Schwab's most recent pricing schedules available at schwab.com/aspricingguide.

For further Asset Management Services Program details, please see the Asset Management Services Program Brochure.

We provide this brochure to you prior to or concurrent with your enrollment in the Asset Management Services Program. Please read it thoroughly before investing.

PARTICIPANT RETIREMENT PROGRAM

Through the Participant Retirement Program, CFS and Advisory Representatives offer investment advisory services to participants in tax-exempt retirement account assets in employer sponsored retirement plans ("Plan").

Under the Participant Retirement Program, you elect to have your Advisory Representative manage your contributions to the Plan, any contributions by your employer or Plan sponsor on your behalf and any other additions to the Plan on behalf of or attributable to you (collectively, "Plan Assets"). Through your Advisory Representative, CFS provides advice with respect to Plan Assets in your account only including additions, substitutions and proceeds. CFS is not responsible for the actions or non-actions of predecessor investment advisors, managing any assets other than the Plan Assets allocated to your account or administration of the Plan. In managing your account, CFS will, but is not required to, consider any other securities, cash or other investments owned by you.

You maintain the ability to impose reasonable restrictions on management of your account, including the ability to instruct us to not purchase certain investments or securities. Your Advisory Representative will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance, investment objectives, investment time horizon or restrictions you may wish to impose on the account.

At no time will CFS act as custodian of the Plan or have direct access to the Plan's funds and/or securities. Custody of Plan Assets is maintained with Fidelity/IWS or American Funds and the Custodian firm will process the orders for securities transactions in your account in its broker-dealer capacity when your Advisory Representative enters such orders.

THIRD PARTY ADVISORY SERVICES

CFS offers you the services of various third-party money managers ("Third Party Money Managers" or "TPMMs") for the provision of certain investment advisory programs including mutual fund wrap and separately managed account programs. In doing so, we act in a "co-advisory" or "solicitor" capacity. TPMMs typically maintain their own custodial relationships and do not leverage the custodial relationship CFS has with Schwab or Fidelity except for certain TPMMs detailed below.

Third-party money managers have differing minimum account requirements and a variety of fee ranges. Each manager's advisory services, fees and expenses, program termination and other information is set forth in their disclosure brochures, client agreements, account opening documents and applicable fund prospectuses. Your Advisory Representative will assist you in opening an account and, when doing so, you will execute an agreement directly with the selected money manager.

Most third-party money managers assume limited discretionary authority over your account, meaning that the selected manager has the authority to purchase and sell securities in your account without contacting you first. Some third-party managers may allow you to impose restrictions on investing in specified securities or types of securities.

When acting in a co-advisory capacity, CFS and the Third Party Money Manager are jointly responsible for the ongoing management of your account. In connection with this agreement, your Advisory Representative will provide assistance in the selection and ongoing monitoring of a particular Third Party Money Manager. Factors we consider in the selection of a particular Third Party Money Manager include, but are not limited to:

i. Our assessment of a particular Third-Party Money Manager;
ii. Your risk tolerance, goals, objectives and restrictions, as well as investment experience; and
iii. The assets you have available for investment.

In some instances, your Advisory Representative has discretion to act as the portfolio manager for your account.

If you are interested in learning more about these services, please note that a complete description of the programs, services, fees, payment structure and termination features are available via the applicable Third Party Money Manager's disclosure brochures, investment advisory contracts, and account opening documents.

You should know that the services provided by us through the use of Third-party Money Managers are under certain conditions directly offered by them to you. The fees charged by Third Party Money Managers who offer their programs directly to you may be more or less than the combined fees charged by the Third Party Money Manager and us for our participation in the investment programs.

Your Advisory Representative can also act purely in a solicitor capacity when referring you to a TPMM. When acting as a solicitor for the TPMM program, the Firm and your Advisory Representative do not provide advisory services in relation to the TPMM program. Instead, your Advisory Representative will assist you in selecting one or more TPMM programs believed to be suitable for you based on your stated financial situation, investment objectives, and financial goals. The TPMM will be responsible for assessing the suitability of their investment recommendations against your risk profile and we are compensated for referring you to the TPMM program. This compensation generally takes the form of the TPMM sharing a percentage of the advisory fee you pay to the TPMM. When we act as a solicitor for a TPMM program, you will receive a written solicitor disclosure statement describing the nature of our relationship with the TPMM program, if any; the terms of our compensation arrangement with the TPMM program, including a description of the compensation that we will receive for referring you to the TPMM program. Please consult the applicable Third Party Money Manager's agreement for further information.

The amount of compensation received by our firm and your Advisory Representative from a particular money manager could be higher than the compensation received from another money manager. This is because compensation structures vary by product type as well as manager programs provided. This results in a conflict of interest because your Advisory Representative has a financial incentive to recommend one money manager over another in order to receive greater compensation. There can be other suitable money managers that are more or less costly.

Trading by third-party money managers can trigger wash sale rule implications. A wash sale occurs when a security is sold at a loss and then the same or substantially identical security is repurchased within a short time period. The third-party money manager cannot necessarily manage accounts in a manner to avoid wash sale implications. You are encouraged to consult with a tax advisor to discuss any tax implications involving your portfolios in these and in all advisory programs.

FINANCIAL PLANNING AND FINANCIAL PLANNING CONSULTATION SERVICES

Commonwealth Financial Services and your Advisory Representative offer advice through the presentation of financial plans. Clients using these services can receive a written financial plan providing them with a financial blueprint designed to achieve their stated financial goals and objectives. Plans can be comprehensive or focus only on specific areas of concern to you. In general, a financial plan can address any or all of the following areas:

- Cash management
- Insurance coverage
- Death and disability planning
- Divorce planning
- College planning
- Investment portfolio review
- Estate and retirement planning
- Income distribution

In addition, Commonwealth Financial Services and your Advisory Representative provide financial planning consultation services on specific areas of concern to you. These services can also include retirement plan consulting services provided to the plan sponsor or to individuals wanting advice on how their plan investments should be allocated. Additionally, CFS and your Advisory Representative can provide financial planning services to business entities and groups requesting educational services and financial planning seminars or individual consulting and planning services for employees or members. If individual planning or consulting services are provided, each participating employee or member will be required to execute a separate agreement with us. These services will be advice-only services; CFS and your Advisory Representative will not implement transactions on your behalf as part of these services.

If you want CFS or your Advisory Representative to implement transactions on your behalf, you need to contract with CFS and your Advisory Representative for our investment management services described elsewhere in this section.
You are under no obligation to act upon CFS's or your Advisory Representative's recommendations, and you have

sole discretion whether to implement any recommendations. If you elect to act on any of the recommendations, you are under no obligation to effect transactions through CFS or the Broker/Dealer of CFS' Custodian(s).

When providing financial planning and financial planning consultation services, your Advisory Representative gathers information through interviews concerning your current financial status, goals and objectives, risk tolerance and time horizon. We may also request that you complete a questionnaire and provide additional documentation. Depending on the level of services requested, your Advisory Representative can prepare a written report. Implementing any recommendation can require you to work closely with your attorney, accountant and/or insurance agent. Implementation is entirely at your discretion. Your Advisory Representative can also provide advice on non- securities matters. Generally, this is in connection with rendering estate planning, college planning and insurance and/or annuity advice.

Some states preclude your Advisory Representative and CFS from receiving a financial planning fee for services customarily associated with soliciting insurance sales or servicing an insurance contract. Other states permit your Advisory Representative and CFS to receive an insurance financial planning fee and an insurance commission provided certain conditions are met, such as written disclosure about the services and compensation. Please consult with your Advisory Representative if you have questions about which regulations govern you and your account.

Financial planning services can be terminated at any time upon written notice of either CFS, its Advisory Representative or the client. Upon termination, clients are entitled to a refund of all deposits not already earned. Clients can terminate services within 5 business days from the date of executing the agreement for services and receive a refund of no less than one-half of the retainer or any unearned portion of the retainer, whichever is greater. If clients do not receive CFS's written disclosure brochure at least 48 hours prior to executing the agreement for services, they have 5 days from the engagement date to cancel with a full refund of any fee or retainer.

RETIREMENT PLAN ADVISORY SERVICES

Our Advisory Representatives provide qualified retirement plans with investment advisory services that can be fiduciary and/or non-fiduciary in nature. Fiduciary services include plan review (e.g., design, operations, documentation and benchmarking plan expenses) and recommendations (regarding the investment policy statement, investment options and/or investment managers). Non-fiduciary services include participant education and communication. Services can be provided on a discretionary or non -discretionary basis.

For all services provided, the plan's named fiduciary retains sole decision-making authority and responsibility for the plan's investment policy statement, selecting and maintaining investment alternatives available under the plan and implementing any plan, advice or strategy provided by CFS and/or its Advisory Representative.

Under the Retirement Plan Advisory Agreement, the plan sponsor authorizes and engages CFS and its Advisory Representative to provide services to the plan. When providing these services, CFS and its Advisory Representative can rely on information provided by independent third parties. These third parties are believed to be reliable but CFS and its Advisory Representative have no obligation to independently verify the information provided by them. The name fiduciary acknowledges that CFS and its Advisory Representative can rely on such third-party information while providing any requested services and will have no liability for the accuracy or consistency of such information or for any loss caused by such information. CFS and its Advisory Representative can also rely on material and pertinent information provided by the named fiduciary about the plan, its participants and beneficiaries. The advisor has no obligation to verify the information provided by the named fiduciary and will have no liability for any loss caused by errors in such information.

Your Advisory Representative can provide any of the following services as selected by the plan sponsor and named fiduciary:

FIDUCIARY SERVICES

I. *Non-Discretionary Advisory Services*

(a) Plan Review (Design, Operations and Documentation). Your Advisory Representative may:

- Recommend protocols to help the plan's named fiduciary establish a plan committee to prudently manage and administer the plan. The named fiduciary is solely responsible for implementing the committee's protocols and for appointing or removing committee members.

However, the Advisory Representative may train committee members regarding fiduciary duties and help coordinate regular meetings.

- Update the named fiduciary about current and proposed legislative initiatives.
- Provide fiduciary training as needed (upon request).
- Help with updates to existing procedures and provide recommendations regarding plan operation, documentation and establishing an audit file.
- Help develop requirements for responding to participant requests and reconciling participant disclosures under Section 404(a)(5) of the Employee Retirement Security Act of 1974 (ERISA).

(b) Benchmark Plan Expenses. Your Advisory Representative may meet with the named fiduciary and conduct a periodic review of fees and costs charged to the plan by other service providers.

(c) Plan Investment Policy Statement. Along with the named fiduciary, your Advisory Representative can review the investment objectives, risk tolerance and goals of the plan. If the plan does not have an investment policy statement (IPS), the Advisory Representative can recommend investment polices to assist the named fiduciary in establishing an appropriate IPS. If the plan has an existing IPS, the Advisory Representative can review it for consistency with the plan's objectives; if it does not represent the objectives, the Advisory Representative can recommend revisions to establish investment policies consistent with plan objectives.

(d) Recommendations Regarding Investment Options and/or Investment Managers. The Advisory Representative may provide the following services:

- Based on the plan's IPS or other established investment guidelines, the Advisory Representative can review investment options available and make recommendations to the named fiduciary.
- Once the named fiduciary approves any model portfolios, default investment alternative(s) (DIAs) or qualified default investment alternative(s) (QDIAs), the Advisory Representative can provide periodic reports, information and recommendations designed to assist in monitoring plan investments. If an investment must be removed due to IPS criteria, the Advisory Representative can provide information and analyses to evaluate replacement investment alternatives for model portfolios. Upon reasonable request, the Advisory Representative can also make recommendations to rebalance the model portfolios in order to maintain their desired allocations.
- Based on the IPS or other established guidelines, the Advisory Representative can review potential investment managers and make recommendations for selecting one or more managers for the plan. Once the named fiduciary approves the investment manager, the Advisory Representative can periodically provide reports, information and recommendations to assist in monitoring the managers. If a manager must be removed due to IPS criteria, the Advisory Representative can provide information and analyses to evaluate replacement investment managers.

(e) Participant Investment Advice. In some legacy accounts, the Advisory Representative can meet with participants at least annually and provide investment advice based on each individual's financial situation, investment situation and tax status. The Advisory Representative will prepare recommendations regarding the appropriate amount of contributions and choice of investments, and the participant has sole discretion whether or not to implement those recommendations.

II. Discretionary Advisory Services

Discretionary Investment Manager. The plan trustee can appoint CFS and its Advisory Representative as an "investment manager." To the extent CFS and its Advisory Representative provide discretionary advisory services under the Retirement Plan Advisory Agreement, they acknowledge their status as "investment manager" for purposes of *ERISA* Section 3(38). CFS and its Advisory Representative can maintain investment portfolio(s) on a discretionary basis, including investing, rebalancing assets, changing asset allocations, or changing underlying model portfolios. The advisor and its Advisory Representative exercise this authority in accordance with the objectives set forth by the named fiduciary, as may be amended from time to time, and in accordance with any additional written guidelines and/or investment policies provided by the named fiduciary. CFS and its Advisory Representative will communicate their decisions to the named fiduciary on a reasonable basis.

NON-FIDUCIARY SERVICES

Participant Education and Communication. Your Advisory Representative can provide educational and investment related information, materials and software as allowed by rule or regulation as long as the information does not constitute giving fiduciary investment advice. This can include:

- Conducting periodic group enrollment and education meetings with employees and educational meetings with plan participants and beneficiaries.
- Providing information and materials informing plan participants, employees or beneficiaries about the benefits of plan participation, the benefits of increasing contributions, the impact of pre - retirement withdrawals, the terms of the plan or operations of DIAs. The information provided can include interactive investment materials to assist with future retirement income needs and the impact of different asset allocations on retirement income.
- Providing retirement readiness consulting, which can include third party software to assess a "gap" analysis to determine sufficient retirement income.

Additionally, participant education can extend to analyzing plan expenses and fees. The Advisory Representative will not render individualized investment advice to participants and will not be held to a fiduciary standard for the non-fiduciary services rendered.

Covered Service Provider Disclosures for *ERISA* Plans
As a covered service provider to *ERISA* plans, CFS will comply with the U.S. Department of Labor regulations on fee disclosures. CFS and your Advisory Representative will disclose (i) direct compensation received from *ERISA* clients, (ii) indirect compensation received from third parties and (iii) transaction -based compensation (e.g., commissions) or other similar compensation shared with related parties servicing the *ERISA* plan. These fee disclosures will be made reasonably in advance of entering into, renewing or extending the advisory service agreement with the *ERISA* client.

In some instances, CFS and your Advisory Representative will be providing certain services to the plan in a fiduciary capacity while providing other services that are not fiduciary in nature. The Retirement Program Advisory Agreement executed between CFS and the plan will specifically state whether or not the Advisory Representative is acting in a fiduciary capacity when providing the services. Schedule A of the Retirement Program Advisory Agreement discloses the scope of services that are being provided to the plan. Such services are disclosed as “fiduciary” or “non-fiduciary.” “Fiduciary” services are further disclosed as either discretionary or non-discretionary.

Fees for retirement plan advisory services are charged on either an asset based or flat fee basis, although some legacy accounts can have advisory fees or level commissions charged instead. The Retirement Plan Advisory Agreement will disclose the fees to be charged, as well as other compensation received by CFS, your Advisory Representative or their affiliates in connection with providing services to your plan or any other charges (e.g. , transaction fee charges) applying to plan accounts.

Services can be terminated by the plan’s named fiduciary without penalty within 5 days of executing the client agreement. After that, the client agreement can be terminated by CFS or the named fiduciary at any time with 60 days’ prior written notice. The agreement will not terminate if it is assigned to a different Advisory Representative.

CONSULTING SERVICES

Financial Institution Consulting Services

CFS provides investment consulting services to certain Broker/Dealers’ customers ("Brokerage Customers”) who provide written consent requesting to receive CFS’ consulting services. Brokerage Customers have entered into a written advisory agreement with CFS.

ITEM 5 – FEES AND COMPENSATION

ASSET MANAGEMENT SERVICES PROGRAM

We offer Asset Management Services Program accounts where no separate transaction charges apply, and a single fee is paid for all advisory services and transactions (“Wrap Account”). In a Wrap Account, the wrap fee is set -up so that the Advisory Representative pays the underlying ticket charges for securities transactions. Note that Wrap Accounts create certain conflicts of interest, described below following the fee schedules. The Firm has policies and procedures to monitor and reduce the risk of this occurring.

We also offer Asset Management Services Program accounts with separate advisory fees and transaction charges (“Unwrapped Account”). As such, in addition to the monthly and quarterly account fee described below for advisory services, you will also pay separate per-trade transaction charges.

In either “Wrapped” or “Unwrapped” accounts, you will pay a quarterly fee, in advance, based on the period ending balance (PEB) of your account assets under management for the previous period. Your initial fee will include fees billed in arrears based on the number of days that services were provided during the first billing period. Your account fees will be debited from your account by your custodian. On an exception basis, you can have your management fees paid from other accounts or have us bill you directly by invoice. If you terminate your participation in this program, you will be entitled to a pro-rata refund of any prepaid quarterly fees based upon the number of days remaining in the quarter after the date upon which the notice of termination is received.

Fee Schedules
Fees are generally negotiated by our Advisory Representatives with each client based on factors such as the complexity of your financial situation, the investment services to be provided, the experience and standard fees charged by your Advisory Representative, and the nature and total dollar value of assets maintained in your account. Advisory Representatives may not participate in all of the listed fee schedule programs and fees will vary between Advisory Representatives and between clients

Fee Schedule: Wrapped Account
Negotiated Flat Rate Percentage of Assets Under Management—Quarterly in Advance, Period End Balance

Fee Schedule: Unwrapped Account
Negotiated Flat Rate Percentage of Assets Under Management—Quarterly in Advance, Period End Balance

-OR-
Negotiated Tiered Rate Percentage of Assets Under Management—Quarterly in Advance, Period End Balance

Account Value	Annual Advisory Fee
Up to $150,000	1.20 %
$150,000 to $250,000	1.00 %
$250,000 to $500,000	0.80 %
Above $500,000	0.60 %

Wrap Fee Program Disclosures and Conflict of Interest

- The benefits under a wrap fee program depend, in part, upon the size of the account, the costs associated with managing the account, and the frequency or type of securities transactions executed in the account.
- A wrap fee program may not be suitable for all accounts, including, but not limited to, accounts holding primarily, and for any substantial period of time, cash or cash equivalent investments, fixed income securities, no-transaction-fee mutual funds, or any other type of security that can be traded without commissions or other transaction fees.
- In order to evaluate whether a wrap fee arrangement is right for you, you should compare the agree-upon Wrap Program Fee and any other costs associated with participating in our Wrap Fee Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and execution costs, and custodial services comparable to those provided under the Wrap Fee Program.

When managing a client's account on a wrap fee basis, we receive as compensation for our investment advisory services, the balance of the total wrap fee you pay after custodial, trading, and other management costs (including execution and transaction fees) have been deducted. Accordingly, we have a conflict of interest because we have a financial incentive to maximize our compensation by seeking to reduce or minimize the total costs incurred in your account(s) subject to a wrap fee.

Schwab and other custodians have eliminated commissions or transaction fees for online trades of U.S. equities, ETFs, and options (subject to a $0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay commissions to Schwab. We encourage you to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account, please refer to Schwab's most recent pricing schedules available at schwab.com/aspricingguide.

Mutual funds and ETFs invested in the account have their own internal fees which are separate and distinct from the program account fees (for more information on these fees, see the applicable fund prospectus).

For complete fee details, please refer to the Asset Management Services Program Brochure.

PARTICIPANT RETIREMENT PROGRAM

You pay management fees to CFS and your Advisory Representative pursuant to the provisions of a client fee schedule, with a maximum 3% annual fee charged. The fee can be a fixed percentage fee on the total assets in your account or a tiered fee schedule where the percentage-based fee is lowered as assets in your accounts increase. The exact fee charged or fee schedule used is disclosed prior to services being provided.

Fees are negotiated based on the complexity of your financial situation, the investment services to be provided, the experience and standard fees charged by your Advisory Representative and the nature and total dollar value of Plan Assets maintained in your account. The management fee covers only the investment management services provided by us and does not include brokerage commissions or other costs associated with the purchase and sale of securities, custodial fees, interest, taxes or other account expenses.

You will pay a quarterly fee, in advance, based on the Period Ending Balance (PEB) of your account assets under management for the previous period as of the final day of that period. Your initial fee will include fees billed in arrears based on the number of days that services were provided during the first billing period. PEB does not account for unpriced securities or days when the Account has a zero balance. CFS retains the right to change the basis upon which the management fee is calculated and/or the timing of billing. Any such change(s) will be effected under the terms and provisions of Section 21 (Amendment) of your Client Agreement. At its discretion, CFS and/or IAR may exclude certain assets from the calculation of management fees. At its discretion, CFS and/or our Advisory Representative may exclude certain assets from the calculation of management fees.

If your account has not maintained adequate cash in the account to pay management or other fees, CFS reserves the right to direct Fidelity Institutional Wealth Services to liquidate, at any time, a portion of other Plan Assets to cover the charges. You should review the documents establishing the Fidelity account for details on the tax reporting treatment of deducting management fees.

Depending upon the investment services provided, assets in excess of a threshold amount (as determined from time to time by CFS) deposited into or withdrawn from the account by you may be charged or refunded a pro-rated portion of the management fee based on the number of days during the billing period the assets were held in the account.

THIRD PARTY ADVISORY SERVICES

Compensation in connection with Third Party Advisory Services generally consists of six elements: i) management fees paid to Third Party Money Managers; ii) management fees paid to us as outlined in the client agreement that you sign with us iii) transaction costs – if applicable – which are charged when purchasing and selling such securities; iv) custody fees; v) revenue sharing paid to the Firm and vi) fees paid to us for administrative and/or supervisory services. Your account will be held with the Third-Party Advisory Services custodian where your fees will be assessed and deducted.

Similar investment strategies offered through Third Party Advisory Services can be offered by more than one provider, including other TPMMs, as well as through other advisory programs offered through the Firm and its affiliates. You should be aware that lower fees for comparable services may be available from other sources.

The account fees paid by client include portions paid to your Advisory Representative ("Advisory Fees"), as well as to the Firm, the custodian, and the third party money managers selected ("Program Fees"). Mutual funds and exchange traded funds invested in the account also have their own internal fees ("internal fund expenses") which are separate and distinct from the program account fees (for more information on these fees, see the applicable fund prospectus). Since fees billed to your account for Third Party Advisory Services are typically comprised of both Program Fees and Advisory Fees, Advisory Representatives may have an incentive to select third party advisory services with lower platform Program Fees in order to manage the overall fee charged to you. You and your Advisory Representative should consider the overall fees and expenses, including internal fund expenses, when selecting managers and other portfolio investments.

For further details, please see the applicable Third Party Money Manager's disclosure brochures, investment advisory contracts and account opening documents.

Each of our Advisory Representatives negotiates his or her own management fee schedule; however, management fees charged by the Third Party Advisory Service in connection with their services are not negotiable.

CFS maintains certain revenue sharing arrangements with certain Third Party Advisory Services and product sponsors (please refer to Item 14, Other Compensation).

FINANCIAL PLANNING SERVICES

The fee ranges detailed in this section are indicative of the standard fees typically charged. In some instances , fees higher than those stated may be charged if the scope of the contracted project warrants a higher fee. Advisory Representatives charge an hourly fee, a fixed fee or a percentage of the assets on which the Advisory Representative is providing financial planning and/or consultation services. Hourly fees for financial planning and consultation services are generally charged at a rate of up to $750 or more per hour. As an alternative, a flat fee can be charged. Flat fees for financial planning and consultation services can range up to $15,000 or more. Clients contracting for ongoing financial planning and consultation services can be charged an annual, semi-annual, quarterly or monthly retainer fee. This retainer fee is charged as a flat fee or a percentage of assets on which the Advisory Representative is providing advice. The maximum percentage charged is 3% of the value of assets on which the consulting services are provided.

All fees are negotiable and you and your Advisory Representative jointly determine the exact fee and how it is to be paid. Fees are negotiable based on the services provided, the complexity of your personal circumstances, your financial situation, your gross income, the experience and standard fees charge d by your Advisory Representative and the nature and total dollar asset value of the assets on which services are provided. In addition, fees can be negotiated based on whether you have assets under management with your Advisory Representative. All fees are agreed upon prior to entering into a contract. At the sole discretion of your Advisory Representative, fees can be waived or reduced if you buy products or enter into agreements for other services with your Advisory Representative.

Fees can be charged to clients in advance of services being provided, upon completion of services provided or with a portion of the fee charged in advance and the remaining balance due upon completion and/or receiving an invoice from CFS. Fees for ongoing services are due upon receiving an invoice from CFS.
Financial plans are generally presented to you within 90 days of signing the client agreement, as long as all information needed to prepare the plan has been promptly provided by you. We do not collect fees of more than $1,200 six or more months in advance.

Additionally, CFS and its Advisory Representatives provide educational seminars and workshops at no charge or for fees that generally do not exceed $15,000. CFS and/or its Advisory Representatives may also be entitled to receive reimbursement from product sponsors for seminar expenses if disclosed and agreed to in advance by seminar attendees or sponsors.

You have sole discretion whether or not to implement any or all advisory recommendations. If you elect to implement, you are not under any obligation to engage CFS's Advisory Representatives. You can engage individuals from non-affiliated broker/dealers to implement the advisory recommendations. If you select an individual from a non-affiliated broker/dealer, you would not receive the services provided by your Advisory Representative.

RETIREMENT PLAN ADVISORY SERVICES

Fees for retirement plan advisory services can be paid as an asset-based fee (or level commissions in lieu thereof) or flat fee paid on a set schedule provided to your advisory account, although some legacy accounts can instead be charged advisory fees or level commissions. Management fees are calculated by the plan sponsor on our behalf. Details of the compensation calculation and payment methods are disclosed in the Retirement Plan Advisory Agreement, investment product prospectus and/or other document executed when the account is established. Your Advisory Representative can provide copies of these documents and additional specific details.

In addition to the fees for retirement plan advisory services provided, plan assets invested in products (i.e., mutual funds and/or other retirement plan investment vehicles) bear the operating expenses and cost of investing in those products, which can include sales charges or redemption fees. Those expenses are detailed in the product's prospectus, contract or related disclosure document. If the plan incurs such fees or costs as a result of the services provided, the named fiduciary acknowledges (on behalf of the plan, its participants and beneficiaries) that the fees or costs will be assessed on the purchase or deducted from redemption proceeds in accordance with the conditions set forth in the investment product's prospectus, contract or related disclosure documents. The plan may incur fees and other expenses including, but not limited to, investment-related expenses imposed by other service providers not affiliated with CFS or its Advisory Representative and other fees and expenses charged by the plan's custodian, third –party administrator and/or record keeper. CFS and its Advisory Representative make no representations about any costs or expenses associated with the services provided by third parties.

At no time will CFS act as custodian of the plan or have direct access to the plan's funds and/or securities. A qualified independent custodian maintains custody of all assets, funds and securities. All fees and charges are noted on the plan's custodial account statements. The plan sponsor is responsible for verifying the accuracy of the fee calculation.

On an exception basis, if you have an account established through our firm, the plan can have its management fees paid from other accounts or have us bill the plan directly by invoice.

NEGOTIATION OF FEES

Fees are negotiated on a case-by-case basis, depending on a variety of factors, including the nature and complexity of the particular service, your relationship with us and our Advisory Representative, the size of the account, the potential for other business or clients, the amount of work anticipated and the attention needed to manage your account. As a result of these and other factors, the sponsors of the advisory programs offered also set different limits on fees that are charged to you. Please note that the same or similar services to those described above may be available elsewhere to you at a lower cost.

ADDITIONAL FEES AND EXPENSES

Mutual fund investments in the programs that we offer are no-load or load at NAV. Certain mutual fund investments are subject to early redemption fees, 12b-1 fees and mutual fund management fees as well as other mutual fund expenses. These fees are in addition to the fees and expenses referenced above. Please review the mutual fund prospectus for full details. CFS and your Advisory Representative do not retain 12b-1 fees paid by mutual funds.

There are additional fees relating to IRA and Qualified Retirement Plan accounts that you normally incur such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

In their capacity as licensed insurance agents, your Advisory Representative may offer insurance products and receive commissions as a result of such transactions. The recommendation to purchase a commission product creates a conflict of interest since the receipt of commissions provides an incentive to recommend products based on commissions to be received rather than your particular needs.

Please be aware that you are under no obligation to purchase products or services recommended by us or members of our Firm in connection with providing you with any advisory service that we offer.

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to the more commonly offered retail share classes (typically, Class A, B and C shares), some mutual funds also offer institutional share classes and other share classes that are specifically designed for purchase in an account enrolled in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in an investment advisory program usually, but not always, have a lower expense ratio than other share classes. An investor who holds a more expensive share class of a fund will pay higher fees over time – and earn lower investment returns – than an investor who holds a less expensive share class of the same fund. Not all mutual funds and share classes offered to the investing public are available through our advisory programs for which a client might otherwise be eligible to purchase.

The Firm and its Advisory Representatives have a financial incentive to recommend or select share classes that have higher expense ratios because such share classes generally result in higher compensation. The Firm has taken steps to minimize this conflict of interest by implementing additional training for Advisory Representatives and increasing the proportion of institutional share classes that are available on the platform. Regardless, however, clients should not assume that they will be invested in the share class with the lowest possible expense ratio.

In an advisory program, the appropriateness of a particular mutual fund share class should be determined based on the presence and nature of selling agreements with the mutual fund sponsors.

In addition, CFS excludes the value of any investment it designates as an “alternative investment product” from an asset-based advisory fee if you purchased it in a commission-based account through a registered representative of a Broker’/Dealer and then transferred it to an advisory account. (See discussion below regarding converting a commission account to an advisory account.) Alternative investments include, but are not limited to, venture capital, private equity, hedge fund, managed futures and real estate investment trust products. However, if an alternative investment product was purchased at net asset value (NAV) (in other words, purchased with no commission), then that alternative investment product can be subject to an asset -based advisory fee.

WRAP ACCOUNTS

For advisory programs that we offer wrap account pricing, the fee for transactions executed in your account are included in your quarterly account fee. As a result, in some cases the fees charged in a wrap account will be higher than a non-wrap account with separate advisory fees and transaction charges. Please consider that, depending upon the level of the wrap fee charges, the amount of portfolio activity in the account, the value of services provided under the investment program and other factors, the wrap fee may or may not exceed the aggregate cost of services if they were to be provided separately. Generally, wrap programs are relatively less expensive for actively traded accounts. However, the fees in a wrap account will be a higher overall cost to the client than in a non-wrap, if the wrap account has low trading activity.

For certain wrap accounts, CFS will assess the transaction charges to our Advisory Representatives. As a result, your Advisory Representative has an incentive to trade your wrap account less often or to trade your account with certain securities where transaction charges can be waived by the clearing firm or product sponsor.

OPTIONS FOR ASSETS INVESTED IN RETIREMENT PLAN ACCOUNT

If you have an employer-sponsored retirement plan, you may have several choices as to what to do with your assets when you retire or change jobs. Generally, you might choose one of the following options:

1. Keep your assets in the employer’s plan (if allowed)
2. Rollover your assets into an individual retirement account, commonly referred to as an IRA
3. Rollover the assets to another employer-sponsored plan
4. Take a distribution in cash from the plan

Your Advisory Representative has a financial incentive to recommend an IRA rollover because of the compensation he or she will receive when you transfer funds to an account on which the Advisory Representative will receive a fee from an employer-sponsored retirement plan or from another IRA. This conflict also pertains to situations where you are a participant in a plan where your Advisory Representative is a fiduciary. You should carefully discuss and weigh the advantages and disadvantages of each option with your Advisory Representative before making your decision.

There are various factors that we can consider before recommending a rollover, including but not limited to:

i. The investment options available in the plan versus the investment options available in an IRA
ii. Fees and expenses in the plan versus the fees and expenses in an IRA
iii. The services and responsiveness of the plan's investment professionals versus ours
iv. Strategies for the protection of assets from creditors and legal judgments
v. Required minimum distributions and age considerations
vi. Employer stock tax consequences if any

The following exception to the early withdrawal penalty applies only to distributions from a qualified retirement plan other than an IRA: distributions made to you after you separated from service with your employer if the separation occurred in or after the year you reached age 55.

No client is under any obligation to rollover plan assets to an IRA managed by us or to engage our Advisory Representative to monitor and/or consult on an account maintained at an existing plan. Please note that a recommendation to roll assets out of an employer-sponsored plan into an IRA will most likely result in more expenses and charges than if the assets were to remain in the plan.

You should speak to your Advisory Representative to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.

CONVERSION FROM COMMISSION TO FEE-BASED ADVISORY ACCOUNT

Advisory Representatives can recommend that products on which they previously received a commission be converted to a fee-based advisory account. This recommendation can be considered a conflict of interest, and we manage the conflict through written disclosure to you and by imposing reasonable controls designed to monitor for this activity. Mutual funds moved from a commission account to a fee -based advisory account will be converted to a lower-cost share class when one is available and on the Mutual Fund Approved Product List. But note the application of transaction charges when converting to the lower cost share class can result in a higher overall expense to the client.

MUTUAL FUND APPROVED PRODUCT LIST

To help mitigate conflicts of interest and meet current regulatory expectations, CFS has created an Approved Products List which it keeps updated on a regular basis. Mutual funds placed on the Approved Products List are chosen based on several factors, including expense ratios, availability, and supervision practicality. CFS requires that all mutual fund purchases in advisory accounts be made in the share class specified for each fund on the Approved Products List. However, to the extent an advisory account includes mutual fund holdings not approved as to both fund and share class, those funds can continue to be held in that account but no new purchases are permitted. If any funds currently held in advisory accounts are on the Approved Products List but not held in an approved class, CFS will convert those holdings to an approved share class at no cost to you and without tax consequence (in most cases).

CFS uses its best efforts to include only the lowest -cost share class available to CFS's investors for each mutual fund on the Approved Products List. In some instances, a fund share class may not be included on the Approved Products List because it has a high or prohibitive minimum purchase requirement. Thus, a lower -cost fund share class may be offered by a fund family but not on the Approved Product List. Clients seeking to make such an investment should speak to their Advisory Representative about the ability to purchase funds in share classes not on the Approved Products List through CFS granting an exception to its policy.

Even if a share class is included on the Approved Products List, clients should understand that, in many cases, the share class offered for a particular fund will not be the least expensive share class available from that fund. Also, other financial services firms may offer the same mutual fund at a lower overall cost to the investor than is available through CFS.

FINANCIAL INSTITUTION CONSULTING SERVICES

CFS receives a consulting fee based on the Assets Under Management from Brokerage Customers who have provided written consent to a broker/dealer to receive the investment consulting service from CFS and have entered into a written advisory contract with CFS.

The consulting fee is calculated from the Assets Under Management as of the end of a calendar quarter period multiplied by the annualized rate of from 40 to 80 basis points. The initial fee is paid only after the completion of one full calendar quarter period following the date of the executed agreement with broker/dealers.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Neither the Firm nor our Advisory Representatives accept performance-based fees (i.e. fees based on a share of capital gains or capital appreciation of the assets of a client). Nor does the Firm engage in side-by-side management (i.e. managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees).

ITEM 7 – TYPES OF CLIENTS

Our Advisory Representatives provide investment advisory services to:

- Individuals (including high net worth individuals)
- Broker/Dealer
- Banking or thrift institutions
- Pension and profit-sharing plans
- Trusts
- Estates or charitable organizations
- Corporations
- State and municipal governmental entities
- Other business entities

We do not impose a minimum account size requirement for opening an account with us.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Advisory Representatives rely on various types of tools and methods to assist in recommending or selecting investment strategies to you. As noted in Item 4, your Advisory Representative formulates an investment strategy based on discussions with you regarding, among other things, your personal investment objectives and goals, time horizon, risk tolerance, account restrictions, needs, personal circumstances, and overall financial situation. Based on these discussions, a portfolio of investments is constructed for you.

Investment returns are highly dependent on the value of underlying securities which are impacted by trends in the various investment markets. All investments carry a certain degree of risk and no one particular security, investment product, investment style or portfolio manager is suitable for all types of investors. Since the Firm and its Advisory Representatives recommend and offer a broad spectrum of investment products, programs and strategies, the methods of analysis and investment strategies recommended will varies based upon the Advisory Representative making the assessment and providing the advice. Under the Third Party Advisory Services Program, each third party asset manager has its own methods of analysis, investment strategies and unique investment risks that should also be reviewed and considered.

METHODS OF ANALYSIS

The Firm does not require our Advisory Representatives to implement a particular investment strategy or method of analysis which will vary based upon the individual Advisory Representative making the assessment and providing the advice. Some of the more common methods of analysis that are used are Fundamental and Technical analysis. Fundamental analysis is security analysis grounded in basic factors such as the financial condition and management of a company as well as overall economic and industry conditions which are used to predict the future value of an investment. The resulting data is used to measure the true value of the company's stock compared to the current market value. Technical analysis is the practice of using statistics to determine trends in security prices and make or recommend investment decisions based on those trends. Technical analysis involves using chart patterns, momentum, volume, recurring price patterns, trends based upon business cycles and relative strength in an effort to identify patterns that suggest future activity.

Your Advisory Representative has access to third party vendors that provide programs or software to analyze individual securities. We also offer your advisor access to third party vendors that provide support services in portfolio design and strategy implementation.

Your Advisory Representative or a third-party money manager can engage in a tactical strategy involving active trading. Tactical strategies can be risky and your portfolio can be more volatile with shorter term fluctuations from more frequent trading. This type of strategy may not be appropriate for clients with a low risk tolerance. You should be prepared for higher volatility and may lose funds when you invest in securities. Active trading can result in tax consequences due to shorter-term purchases and sells. Consult your tax professional for advice. Clients should review a Third-Party Money Manager's disclosure brochure before investing.

ASSOCIATED RISKS

When using Fundamental Analysis, we generally rely on, among other things, company earnings, balance sheet variables and management quality which are used to predict the future value of an investment. Data we review is generally considered reliable, but we cannot guarantee nor have we verified its accuracy. In addition, the data that we review is sometimes subjective in nature and open to interpretation. Even if our data and interpretation of the data is correct, there can be other factors that determine the value of securities other than those considered in Fundamental Analysis.

When using Technical Analysis, we review statistics to determine trends in security prices and make our investment decisions based on those trends. This analysis is used to predict how an investment will perform short term. In addition, this analysis does not take into account, the more fundamental properties of what an investment may be worth such as company performance and balance sheet variables which play a part in determining the value of an investment.

When pursuing our strategic long-term investing strategies, we are assuming the Financial Markets will go up in the long-term which cannot be assured. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall Financial Markets advance. In addition, purchasing investments long-term creates an opportunity cost, "locking-up" assets that may be better utilized in the short-term in other investments.

1. General Investment Risks

In addition to the personal risk considerations discussed above, CFS believes it is important for you to understand the risks associated with each recommendation and investment type available. The following is a summary of some of the general risks associated with investing. Please note that this list is not exhaustive, and is provided as an indication of some of the factors that can impact the value of your investments:

Business risk
This is the risk that the strength of the company you are buying a piece of ownership in (stock for example) or are loaning money to (a bond, for example) affects your potential returns. Your returns from the stock purchase or bond purchase are influenced by factors like the company going out of business, or going into bankruptcy, or having a viable and strong revenue stream from the products or services it sells that is not over-shadowed by expenses. If a company goes bankrupt and its assets are liquidated, common stockholders are the last in line to share in the proceeds.

Call risk
This is the risk that your bond or other fixed-income investment will be called or purchased back from you when conditions are favorable to the product issuer and unfavorable to you.

Concentration risk
This is the risk of loss because your money is concentrated in one investment or type of investment. When you diversify your investments, you spread the risk over different types of investments, industries and geographic locations.

Credit risk
This is the risk that the government entity or company that issued the investment will run into financial difficulties and won't be able to pay the interest or repay the principal at maturity. Credit risk applies to debt investments such as bonds. You can evaluate credit risk by looking at the credit rating of the bond or the issuer. For example, long- term U.S. government bonds currently have a credit rating of AAA, which indicates the lowest possible credit risk.

Currency risk
This is the risk of losing money because of a movement in the exchange rate. For example, if the U.S. dollar becomes less valuable relative to the Canadian dollar, your U.S. stocks will be worth less in Canadian dollars. This applies when you own foreign investments.

Default risk
This is the risk that a bond or other fixed-income investment issuer is unable to pay the contractual interest or principal on the product in a timely manner or at all.

Financial risk
This is the risk that the companies you invest in will perform poorly, which affect the price of your investment. You cannot eliminate financial risk; however, you may be able to minimize the impact through diversification.

Foreign Investment risk
This is the risk of loss when investing in foreign countries. When you buy foreign investments, such as shares of companies in emerging markets, you face risks that do not exist in the United States (for example, the risk of nationalization).

Horizon risk
This is the risk that your investment time horizon may be shortened due to a foreseen or unforeseen event, thus requiring you to sell the investment(s) that you were expecting to hold for a longer term. If you must sell at a time when the markets are down, you may lose money.

Inflation risk
Inflation risk, also called purchasing power risk, is the chance that the cash generated by an investment today won't be worth as much in the future. Changes in purchasing power due to inflation may cause inflation risk. There are investments that help minimize inflation risk.

Interest Rate risk
This is a risk that can affect the value of bonds or other fixed-income investments you may purchase. When interest rates rise, the market value of bonds fall. When interest rates fall, the market value of bonds rise.

Liquidity risk
Liquidity risk arises when an investment can't be bought or sold quickly enough to prevent or minimize a loss. You may be able to minimize this risk by diversifying. A good option is index investing where risk is diversified over the various stocks held in a portfolio tracking a particular index. You can't invest directly is an index.

Manager risk
This is the risk that an investment manager will fail to execute its stated investment strategy.

Market risk
This is the risk that the stock market will decline, decreasing the value of the securities owned. Stock market bubbles and crashes are good examples of heightened market risk. You can't eliminate market risk; however, you may be able to minimize the impact through diversification.

Options risk
This is the risk of the option holder losing the entire amount paid for the option in a relatively short period of time,

reflecting the nature of the option as a wasting asset becoming worthless when it expires. If you don't sell an option in the secondary market or exercise it prior to expiration, you will lose your entire investment in the option.

Political and Government risk
This is the risk that the value of your investment will be affected by the introduction of new laws or regulations.

Regulatory risk
This is the risk that changes in law and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.

Reinvestment risk
This is the risk of loss from reinvesting principal or income at a lower interest rate.

2. Specific Investment Risks

The Firm and your Advisory Representative offer various types of investments. The different types of investments we offer, and their potential risks are described below.

Stock – A stock, also known as "shares" or" equity," implies owning a proportionate amount of a company that issued the stock. It entitles the stockholder (you) to that proportion of the company's assets and earnings.

- Major risks: Business, Concentration, Currency, Financial, Foreign Investment, Inflation, Market, Political and Governmental

Bonds – This is a fixed income investment that represents a loan by you (the investor) to a borrower (typically a company, government/municipality, or governmental agency).

- Major risks: Business, Call, Credit, Default, Financial, Inflation, Interest Rate, Liquidity, Reinvestment

Notes (Including Structured Notes) – This is a fixed-income investment where you (the investor) purchase a secured debt (or other assets) and become the lender, after which you receive payments (principal and interest) over a specific period (usually a shorter time period than a bond) from the borrower.

- Types:
  - Principal Protected Note (PPN) – This is a fixed-income security that guarantees a minimum return equal to the investor's initial investment (the principal amount), regardless of the performance of the underlying assets.
  - Non-Principal Protected Note (NPPN) – This is a fixed-income security that does not guarantee a minimum return equal to the investor's initial investment (the principal amount), because it allows clients to customize the date of return to suit their investment needs. NPPNs can be linked to a variety of underlying investments including indices, single stocks, portfolios of shares, industry sectors, commodities and currencies.
- Major risks: Call, Credit, Default, Inflation, Interest Rate, Liquidity, Market, Reinvestment

Certificate of Deposit (CD) (Including Structured CDs) – This is a fixed-income investment where you (the investor) deposits a sum of money for a specified period and you will receive either a specific rate of interest or a rate of interest linked to an index with a capped gain. Certain CDs can be FDIC insured.

- Major risks: Call, Default, Inflation, Interest Rate, Market, Reinvestment

Unit Investment Trust (UIT) – This is where a U.S. financial company that buys or holds a group of securities, such as stocks or bonds, and makes them available to investors as redeemable units. UITs have a stated expiration date based on what investments are held in their portfolio; when the portfolio terminates, investors get their share of the UIT's net assets.

- Major risks: Business, Credit, Interest Rate, Liquidity, Market, Reinvestment

Exchange Traded Fund (ETF) and Exchange Traded Note (ETN) – An ETF is a basket of securities that trades on an exchange (open stock market), just like a stock and it often seeks to track an underlying index. ETF share prices fluctuate throughout the trading day as the ETF is bought and sold; this is different from mutual funds that only trade once a day after the market closes. An ETN is a debt instrument that mimics the performance of a basket of securities but does not actually hold them for the benefit of the client. An ETN is an obligation of the issuing company, often an investment bank.

- Major risks: Concentration, Currency, Foreign Investment, Inflation, Liquidity, Manager, Market, (for ETN: Credit risk)

Mutual Fund – This is a type of investment vehicle consisting of a portfolio of stocks, bonds, or other securities. Mutual funds give small or individual investors easier access to diversified, professionally managed portfolios. Mutual funds are divided into several kinds of categories, representing the kinds of securities they invest in, their investment objectives, and the type of returns they seek. Mutual funds charge annual fees (called expense ratios) and, in many cases, commissions, which can affect their overall returns. Most mutual funds offer you different types of shares, known as "classes." Each class invests in the same portfolio of securities and has the same investment objectives and policies. But each class has different shareholder services and/or distribution arrangements with different fees and expenses.

- *Open-end* -- With an open-end fund, if you want to buy shares, the management company will sell them to you. They will take your money, add it to the portfolio, and create more shares. You always buy and sell shares of an open-end fund with the issuing fund company, never on the secondary market.
  - Major risks: Concentration, Currency, Foreign Investment, Inflation, Manager, Market

Annuity – This is a long-term investment that is issued by an insurance company designed to help protect the annuitant from the risk of outliving the income generated by their deposits into the contract. Because these are long-term vehicles annuity contracts include contingent deferred sales charges (“CDSCs”) that would result in a forfeiture of a percentage of account value if surrendered prior to their expiration, typically three to 10 years depending on the contract.

Annuities have two phases. Phase one of the annuity contract is known as the accumulation phase, where deposits are designed to accumulate on a tax -deferred basis. During the accumulation phase contract holders can choose annuities with any one or, in some cases, a combination of the following accumulation account options:

- **Variable Annuity** – This is a tax-deferred retirement contract that allows you to choose from a selection of investments called subaccounts. These investments are designed to provide contract holders with a diversified investment portfolio in a specified asset class or general investment strategy. Subaccounts are managed by an investment specialist or a team of specialists who make decisions to manage the subaccount based on the stated objective. Each subaccount will have a unique expense ratio based on the services provided by the investment specialist team. For example, subaccount designed to follow the return of a stock index, such as the S&P 500 will have a lower expense ratio than a subaccount seeking to actively manage a portfolio based on a stated objective.
  - Major risks: Business, Credit, Liquidity

- **Investment-only Variable Annuity (IOVA)** – This is a type of annuity contract that provides you with a simple way to set aside taxable assets in a tax-deferred entity focused on investments only. Unlike most variable annuities which offer living income stream and death benefits (for a cost), IOVAs only offer investments and the ability to access the assets without penalty as early as age 59 ½.
  - Major risks: Business, Liquidity, Market

- **Registered Index Linked Annuity (RILA)** – This is a type of annuity contract that calculates account value adjustments based on the performance of a specified market index, such as the S&P 500. The account value will receive protection against market loses typically through a buffer (carrier accepts the first xx% of losses and the account accepts any additional losses in market value) or a floor (the account accepts the first xx% of loses and the carrier accepts any additional losses in market value). This protection is in exchange for limiting gains in account value to a cap (a maximum account value increase of xx%) or a participation rate (account participates in xx% of the market gains). Fees and caps may limit the potential upside. At the end of the sample period, the account value could increase or decrease.
  - Major risks: Business, Liquidity, Market

Phase two of the annuity contract is known as the annuitization phase. This option converts your purchase payments (what you contribute) and accumulated growth (if any) into periodic payments that can be paid out under various payment options, including a lifetime option. Annuities can provide clients with additional benefits above and beyond tax deferred growth in the form of living benefits or enhanced death benefits including but not limited to the following.

- **Guaranteed Minimum Withdrawal Benefit (GMWB)** – Guarantees clients a stream of lifetime income based on a percentage of the contract's benefit base. Lifetime GMWB payments are available without having to immediately annuitize the contract.

- **Guaranteed Minimum Accumulation Benefit (GMAB)** – Guarantees a certain portion of the investment is returned to the contract owner regardless of the performance of the subaccounts.
- **Guaranteed Minimum Death Benefit (GMDB)** – Guarantees an enhanced benefit to the contract owner's beneficiaries regardless of the account value on the date of death. These benefits can be based on a return of the initial investment, the highest contract value on the contract's anniversary over a specified period of time or increase at a specified percentage over a period of time.

Closed-end Fund – This is a type of investment vehicle where, at fund inception, the investment company raises a set amount of money and issues a specific number of shares. No new shares are created after that point. Investors can buy the fund shares only on the secondary market, from someone else who is selling shares. Like stocks, closed-end fund shares can be traded at any time of the day when the market is open. The shares reflect market values rather than the net asset value of the fund itself.

- Major risks: Concentration, Currency, Foreign Investment, Inflation, Manager, Market

Hedge Fund – This is a broad alternative investment category of pooled investment vehicles with a variety of strategies. Strategies may include investing in no-traditional asset classes, using leverage, or taking short positions. Hedge funds are not subject to the same regulation as mutual funds and are often limited to institutions or wealthy individuals.

- Major risks: Business, Concentration, Currency, Interest Rates, Liquidity, Manager, Market

Interval Fund – This is a type of investment company that periodically offers to repurchase its shares from shareholders. These shares typically do not trade on the secondary market. These shares are subject to periodic repurchase offers that may be limited by volume by the fund at a price based on net asset value.

- Major risks: Credit, Liquidity, Manager, Market

Managed Futures – This is an alternative investment where a portfolio of futures contracts is *actively* managed by professionals. Managed futures are considered an alternative investment and are often used by funds and institutional investors to provide both portfolio and market diversification.

- Major risks: Foreign Investment, Horizon, Inflation, Interest Rate, Manager, Market

Non-Traded REIT – This is an alternative real estate investment designed to reduce or eliminate tax while paying dividends and/or providing returns on real estate appreciation. A non-traded REIT does not trade on a securities exchange and is therefore quite illiquid for extended periods of time.

- Major risks: Business, Concentration, Credit, Financial, Inflation, Interest Rate, Liquidity, Manager, Political and Government

Non-Traded Preferred Stock – Preferred stock is a type of hybrid security that has characteristics of both common stock and bonds. Non-traded preferred stock does not trade on a securities exchange and may be illiquid for an extended period of time.

- Major risks: Business, Call, Concentration, Credit, Financial, Inflation, Liquidity

When you are deciding whether to invest in a specific investment, make sure you obtain, review and discuss with your Advisory Representative the documentation related to the investment which outlines the details of the investment (i.e., prospectuses, annual reports and offering memorandums that discuss the structure of the investment, fees/costs, management, portfolio, restrictions, contributions, distributions, risks, etc.) The documentation should be provided by your Advisory Representative or can be obtained directly from the investment sponsor.

Pledging Assets

Clients should be aware that pledging assets in an account to secure a loan or purchase securities on margin involves additional risks. The broker/dealer or bank holding the loan has the authority to liquidate all or part of the securities at any time without your prior notice in order to maintain required maintenance levels, or to call the loan at any time. As a practical matter, this may cause you to sell assets and realize losses in a declining market. These actions may interrupt your long-term investment goals and result in adverse tax consequences and additional fees to the bank. The returns on accounts or pledged assets may not cover the cost of loan interest and account fees and may dictate a more aggressive investment strategy to support the costs of borrowing. Before pledging assets in an account, clients should carefully review the loan agreement, loan application and any forms required by the bank and any other forms and disclosures provided by the Firm.

Listed above are some of the primary risks associated with the way we recommend investments to you. Please do not hesitate to contact us to discuss these risks and others in more detail. In instances where we recommend that a third party manage your assets, please refer to the third party's ADV and associated disclosure documents for details on their investment strategies, methods of analysis and associated risks.

Investing in securities involves risk of loss that you should be prepared to bear.

ITEM 9 – DISCIPLINARY INFORMATION

Not applicable. Neither we, nor any of our management personnel have been involved in any disciplinary events that are material to your evaluation of our programs or the integrity of our management.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

OVERVIEW

This section contains information about our financial industry activities and affiliations. We provide information about the material relationships and arrangements we have with any related persons, including broker-dealers and investment advisors. We identify if any of these relationships or arrangements create a material conflict of interest with clients and discuss how we address these conflicts. "Related Persons" are defined as entities that we control or control us or are under common control with us.

CORPORATE STRUCTURE

Commonwealth Financial Services, LLC is owned by Michael Seese, Todd Kimpel, and Daniel Spurgeon

BROKER-DEALER AFFILIATE

CFS does not have a B/D affiliate.

INSURANCE

CFS is also an insurance agency licensed to do business in states.

Advisory Representatives that are also insurance licensed are permitted to sell fixed insurance products including, but not limited to, fixed annuities, term life insurance, and whole life insurance for compensation through CFS' insurance agency or an independently owned agency.

OUTSIDE BUSINESS ACTIVITIES

Since Advisory Representatives are independent contractors, they have the ability to engage in certain other business activities separate from the activities they conduct through CFS. Although this is not considered a conflict of interest, clients should be aware that these situations can exist. Such activities include tax preparation, insurance, and/or real estate services. When your Advisory Representative engages in these certain other business activities (other than the provision of advisory services through us), they could receive greater compensation through the outside business activities.

FINANCIAL INSTITUTION CONSULTING SERVICES

CFS has agreement(s) with broker/dealers to provide investment consulting services to Brokerage Customers. Broker/dealers pay compensation to CFS for providing investment consulting services to Customers. This consulting arrangement does not include assuming discretionary authority over Brokerage Customers' brokerage accounts or the monitoring of securities. These consulting services offered to Brokerage Customers may include a general review of Brokerage Customers' investment holdings, which may or may not result in CFS' investment adviser representative making specific securities recommendations or offering general investment advice. Brokerage Customers will execute a written advisory agreement directly with CFS.

This relationship presents conflicts of interest as there is an incentive for CFS to assess fees on such accounts while also accepting consulting fees from the broker/dealers. Potential conflicts are mitigated by Brokerage Customers consenting to receive investment consulting services from CFS; by CFS not accepting or billing for additional compensation on broker/dealers' Assets Under Management beyond the consulting fees disclosed in Item 5 in connection with the investment consulting services; and by CFS not engaging as, or holding itself out to the public as, a securities broker/dealer. CFS is not affiliated with any broker/dealer.

BOARD OF DIRECTORS

Members of the CFS Board of Directors serve as board members for outside companies or have other outside business activities. As a result, there may be a perceived conflict of interest. You should be aware that the Board of Directors does not make decisions for our firm without following the process set forth in our firm's by-laws.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

We have adopted a Code of Ethics (the "Code") to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes our policies and procedures developed to protect your interests in relation to the following topics:

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

This response is only intended to provide you with a summary description of our Code of Ethics. Please contact us for our Code of Ethics in its entirety for additional details.

It is CFS's policy to prohibit agency cross transactions where representatives act as brokers for both buying and selling a single security between two different clients and are compensated through an agency commission or principal mark-up for the trades. If we adopt a different policy in this area, we will observe all rules and regulations in accordance with the disclosure and consent requirements of Section 206(3) of the *Advisers Act*. Additionally, we are aware that such transactions can only occur if we can ensure that we meet our duty of best execution for the client.

CFS and/or its representatives may have an interest or position in securities which may be recommended to you.

Our Advisory Representatives, from time to time, can recommend investment products to you, specifically fixed annuities or other fixed insurance products Such recommendations create a conflict of interest as they result in an increase in compensation for us and our Advisory Representatives beyond the advisory fee you pay us. Advisory Representatives are not under any obligation to sell these products or to meet any selling quotas related specifically to these products nor are you under any obligation to implement any specific recommendation.

We may recommend securities to you or buy or sell securities for your account at or about the same time we buy or sell the same securities in our own account. In those instances, the Firm maintains policies and procedures to avoid, detect, and correct conflicts of interest that arise if you and the Advisory Representative invest in the same security on the same side of the market on the same day.

Due to our access to information regarding certain client transactions or our judgment that a certain security is not suitable for our clients' accounts, we maintain a Restricted and Pre-Clearance Equity List which may limit our firm and the Advisory Representative's ability to transact in certain equities on your behalf in a discretionary advisory program. Your Advisory Representative may not be able to place certain transactions or may experience delays in submitting certain transactions on your behalf based on any pre-clearance or pre-approval requirements or restrictions implemented by the firm. You may receive a worse price than what you might receive if you placed the transaction through another Advisory Representative not subject to any trading restrictions. These trading restrictions are subject to change without notice.

ITEM 12 – BROKERAGE PRACTICES

Recommendation of Broker/Dealers and Custodians for Investment Management Services

You are under no obligation to act on the recommendations of Commonwealth Financial Services and are free to select any broker/dealer or investment advisor you'd like to implement our recommendations. In other words, you are not *required* to work with us. However, if you want to hire us for our investment management service, we are responsible for executing your account transactions and therefore responsible for attaining the best execution possible. Please note that we cannot promise or guarantee our brokerage platforms are the least expensive in the industry. There may be other platforms with lower costs.

When clients contract for our investment management services, we require them to use particular broker/dealers recommended or approved by us. Please note that not all investment advisors require the use of particular broker/dealers. Some investment advisors permit clients to use any broker/dealer of the client's own choosing. In very rare cases, we may work with a client that wants to direct us to use a particular broker/dealer. In such cases, those clients must understand that we may be unable to effectively negotiate brokerage compensation on the client's behalf. When directing brokerage business, clients should consider whether the commission expenses and execution, clearance, and settlement capabilities that they obtain through their selected broker/dealer(s) are adequately favorable in comparison to those that we would otherwise obtain for our clients. Clients with client - directed brokerage arrangements should also understand we may be limited in our trading ability (compared to platforms recommended by Commonwealth Financial Services) and may be required to execute client directed trades after trades are implemented through accounts at our preferred platforms. Clients are encouraged to discuss available alternatives with their Advisory Representative.

When selecting brokerage platforms for client accounts, we consider standard benefits that are available without cost to all investment advisor firms using the platform, including our firm. These benefits include, but are not necessarily limited to, the following products and services: receiving duplicate client statements and confirmations; research related products and tools; access to a trading desk serving CFS account participants; 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; and access to mutual funds with no transaction fees. Some products and services made available by a broker/dealer through their program may benefit CFS but may not benefit client accounts. These products or services may assist CFS in managing and administering client accounts, including accounts not maintained at the broker/dealer providing the benefit.

CFS receives additional services which includes assistance with transitioning assets to custodial platforms. Without these arrangements, CFS might be compelled to purchase the same or similar services at its own expense. This arrangement gives CFS an incentive to continue to use or expand the use of a custodian's services. CFS examines these potential conflicts of interest when it chooses to enter into a relationship with a custodian to determine that the relationship is in the best interests of CFS clients and satisfies its client obligations, including its duty to seek best execution. Clients may pay a commission that is higher than another qualified broker/dealer might charge to affect the same transaction where CFS determines 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 CFS will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by CFS will generally be used to service all of its clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. CFS and the qualified custodians are not affiliates, and no broker/dealer affiliated with CFS is involved in the relationship.

Our recommendation of broker/dealers will be partially based on past experiences, minimizing commissions, and other costs as well as offerings or services the broker/dealer provides that CFS or client may require or find valuable such as online access. However, clients can pay commissions higher than those obtainable from other broker/dealers in return for those products and services. Commission and fee structures of various broker/dealers are periodically reviewed to ensure clients are receiving best execution. Accordingly, while CFS considers competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Therefore, the overall services provided by the broker/dealer are evaluated to determine best execution.

Clearing and Custodial Arrangement for Asset Management Services Program

Although we permit our Advisory Representatives to use several different brokerage platforms and consider the overall services provided by those brokerage firms, we have material arrangements with some firms that create an incentive for us to recommend those firms over other broker/dealers. We receive economic benefits from brokerage platforms in the form of the support products and services it makes available to CFS and its Advisory Representatives whose clients maintain their accounts at a brokerage platform. In addition, brokerage platform s also agree to pay for certain negotiated products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at a brokerage platform reaches a certain amount. Some of the arrangements result in conflicts of interest with our clients and are explained in the following sections.

A referring broker/dealer firm may also have paid for business consulting and professional services received by CFS related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for CFS's personnel to attend conferences or meetings relating to the programs or advisor custody and brokerage services generally. Some of the products and services made available by such referring firms can benefit CFS but not benefit its client accounts. These products or services can assist CFS in managing and administering client accounts, including accounts not maintained at the referring firm. Other services made available can help CFS manage and further develop its business enterprise. The benefits received by CFS or its personnel generally do not depend on the amount of brokerage transactions directed to a referring firm. As part of its fiduciary duties to clients, CFS at all times endeavors to put the interests of its clients first. Clients should be aware, however, that receiving economic benefits in and of itself creates a potential conflict of interest and can indirectly influence CFS's choice of one of these referring broker/dealer firms for custody and brokerage services.

Schwab Advisor Services

CFS can also recommend or require that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker/dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. CFS is independently owned and operated and not affiliated with Schwab. Schwab provides CFS 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.

Schwab generally does not charge separately for custody services for CFS client accounts maintained in its custody. Instead, it is generally compensated through commissions or other transaction -related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Because CFS pays Schwab the execution costs associated with securities transactions, there is a potential disincentive to trade securities. CFS does not receive any portion of the commission or fees from either Schwab or from clients.

In addition, clients can incur certain charges imposed by third parties other than us in connection with investments made through your account including, but not limited to, wire fees, overnight check fees, mutual fund sales loads, 12b-1 fees and surrender charges, and IAR and qualified retirement plan fees. CFS's fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses is available in each security prospectus.

The Commonwealth Financial Services Asset Management Services program can cost clients more or less than if the assets were held in a traditional brokerage account. In a brokerage account, clients are charged commissions for each transaction and the Advisory Representative has no duty to provide ongoing advice with respect to the account. If clients plan to follow a buy and hold investment strategy for the account or do not wish to purchase ongoing investment advice or management services, they should consider opening a brokerage account rather than an Asset Management Services account.

Schwab also makes available to CFS other products and services that benefit us but may not benefit our clients' accounts. These benefits can include national, regional or specific CFS educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits can include occasional business entertainment of CFS personnel by Schwab Advisor Services personnel, including meals, invitations to sporting events (including golf tournaments) and other forms of entertainment, some of which may accompany educational opportunities.

Other of these products and services assist Commonwealth Financial Services in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Commonwealth Financial Services' fees from its clients' accounts, and assist with back -office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Commonwealth Financial Services' accounts, including accounts not maintained at Schwab Advisor Services.

Schwab Advisor Services also makes available to Commonwealth Financial Services other services intended to help Commonwealth Financial Services manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab can make available, arrange and/or pay vendors for these types of services rendered to Commonwealth Financial Services by independent third parties. Schwab Advisor Services can discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Commonwealth Financial Services. As a fiduciary, Commonwealth Financial Services endeavors to act in its clients' best interests, but its recommendation and/or requirement that clients maintain their assets in accounts at Schwab can be based in part on the benefit to Commonwealth Financial Services 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. This may create a potential conflict of interest.

Fidelity Institutional Wealth Services

CFS can also recommend or require that clients establish a brokerage account with Fidelity Institutional Wealth Services (Fidelity) to maintain custody of clients' assets and to effect trades for their accounts. CFS is independently owned and operated and is not affiliated with Fidelity. Fidelity provides us with access to their institutional trading and custody services, which are typically not available to retail investors. The services from Fidelity include brokerage, custody, research 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.

Fidelity also makes available other products and services that benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally can be used to service all, or a substantial number, of our accounts, including accounts not maintained at Fidelity. Fidelity also makes available other services intended to help us manage and further develop our business. These services can include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing

In addition, Fidelity can make available, arrange and/or pay for these types of services rendered by an independent third party providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our recommendation or requirement that you maintain your assets in accounts at Fidelity can be based in part on the benefit to us in the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity. This creates a potential conflict of interest.

Clearing and Custodial Arrangement for Participant Retirement Program

In the Participant Retirement Program, transactions are cleared by Fidelity Institutional Wealth Services, which is not affiliated with CFS. CFS does not maintain custody of client funds or securities. Outside custodians maintain custody of all funds and securities. Because the Participant Retirement Program allows for the direct deduction of advisory fees from client accounts we can be deemed to have limited custody of client assets. CFS can also be deemed to have limited custody for certain transmittal policies. For example, by giving you the ability to transfer funds between accounts you own and that are titled in the same name or, if you specifically request it, transferring funds between accounts you own that are titled in different names, we can be deemed to have limited custody. Additionally, CFS can be deemed to have limited custody by giving you the ability to have funds sent from your account to your address of record or, if you specifically request, to some other address.

For a description of products and services that Fidelity Institutional Wealth Services makes available to us, please refer to the Fidelity description above.

CFS has an arrangement with Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides CFS with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, recordkeeping and related services that are intended to support intermediaries like CFS in conducting business and in serving the best interests of their clients but that may benefit CFS.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables CFS to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity’s commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity can be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement and at no additional charge, Fidelity also makes available to CFS certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies. CFS can select from these services (within specified parameters) and use them to manage accounts for which CFS has investment discretion. For more information on these transaction charges or commissions, please ask your Advisory Representative.

Order Aggregation

When possible, Commonwealth Financial Services and your Advisory Representative can aggregate client transactions to improve the quality of execution. Mutual funds held in client accounts do not lend themselves to aggregate or block trades. To the extent other securities are purchased that do lend themselves to aggregating or block trading (e.g., stocks or exchange traded funds), Commonwealth Financial Services and your Advisory Representative can aggregate client transactions or allocate orders whenever possible. Commonwealth Financial Services and our Advisory Representatives allocate trades to advisory clients in a fair and equitable manner that is applied consistently to all clients. When trades are not aggregated, clients may not enjoy the effects of lower transaction per share costs that often occur as a result of aggregating trades. As a result, you can pay a higher transaction cost than could be received elsewhere. Personal accounts of our Advisory Representatives, associated persons and their family members are not treated more favorably than any other client account. Commonwealth Financial Services and your Advisory Representative strive to allocate investment opportunities believed to be appropriate for their client’s account and other accounts in a manner that is consistent with the best interests of all accounts involved.

However, there can be no assurance that a particular investment opportunity that comes to Commonwealth Financial Services or your Advisory Representative's attention will be allocated in any particular manner. You should be aware that if an order is not aggregated, you can pay higher brokerage costs.

Trade Errors

Occasionally, a trading error can occur where either we, or our Advisory Representatives, are at fault for effecting one or more erroneous securities transactions for a client's brokerage account. If this occurs in your account, the error will be corrected, and your account will be restored to the same economic position had the error never occurred. In the process of restoring your account, a profit may be realized, or a loss suffered in connection with correcting this error. Neither losses nor gains realized will be passed on to you. As a result, trade corrections can result in a financial benefit to us.

ITEM 13 – REVIEW OF ACCOUNTS

Each purchase or sale of a security affected by our Advisory Representative in your account is monitored for suitability by an appointed supervisor. In addition, our Advisory Representatives periodically review your accounts as needed, but no less than annually. Such review and consultation typically contain, when warranted, advice regarding recommended changes to your investments and recommendations for implementation of proposed changes.

You will receive monthly and/or quarterly account statements.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

CLIENT REFERRALS

CFS has arrangements with individuals ("Promoters") under which the Promoters introduce potential advisory clients to the Firm in exchange for a referral fee. Promoter arrangements are conducted in accordance with the SEC's "Marketing Rule" (Rule 206(4)-1). If you are introduced to us through a Promoter, a separate disclosure statement is provided to you advising that a referral fee is being paid to an individual and whether that individual is affiliated with the Firm.

NETWORKING ARRANGEMENTS

There is an option for CFS and its Advisory Representatives to offer advisory services on the premises of unaffiliated financial institutions, like banks or credit unions. In such a case, the Firm will enter into networking agreements with financial institutions pursuant to which we 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.

OTHER COMPENSATION

As you work with your Advisory Representative to determine the right investments and services to achieve your investment goals, it is also important for you to understand how CFS and your Advisory Representative are compensated. Certain forms of compensation can create conflicts of interest, and it is important for you to assess these conflicts of interest when making investment decisions.

CFS maintains policies and procedures to ensure recommendations are suitable and require that Advisory Representatives always act in your best interest. We also maintain a supervisory structure to monitor the advisory activities of your Advisory Representative to reduce potential conflicts of interest. You are encouraged to ask us about any conflict presented. In particular, we note the following:

INDIRECT COMPENSATION AND REVENUE SHARING

Strategic Partners

In addition to asset-based fees, CFS receives compensation ("revenue sharing payments") from the below categories:

- *Third Party Managers:* certain third-party money managers offered through accounts custodied away from our selected custodian

The above will be hereinafter referred to as ("Strategic Partner" or Strategic Partners"). Strategic Partners are selected, in part, based on the competitiveness of their products, their technology, their customer service and their training capabilities. Strategic Partners have more opportunities than other companies to market and educate our Advisory Representatives on investments and the products they offer. Revenue sharing payments are typically calculated as a fixed fee, as an annual percentage of the amount of assets held by customers, or as a percentage of annual new sales, or as a combination. Strategic Partners pay CFS differing amounts of revenue sharing, for which the Strategic Partner receives different benefits. You do not pay more to purchase Strategic Partner investment products through CFS than you would pay to purchase those products through another broker-dealer or RIA. Additionally, revenue-sharing payments received by the CFS are not paid to or directed to your Advisory Representative. Nevertheless, a conflict of interest exists, in that the Firm is paid more if you purchase a Strategic Partner product, and your Advisory Representative indirectly benefits from Strategic Partner payments when the money is used to support costs of product review, marketing or training, or for waiver of mutual fund ticket charges as described below. This conflict of interest is mitigated by the fact that your Advisory Representative does not receive any additional compensation for selling Strategic Partner products, and that the firm maintains policies and procedures to ensure recommendations are in your best interest.

CFS will update information regarding Strategic Partners who participate in revenue sharing arrangements with the Firm on its website on a regular basis. For additional information, including specifics on the revenue share amounts, please refer to our Indirect Compensation Disclosure located at

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

Custodial Referrals and Economic Benefits

Some clearing and custodial firms can refer financial professionals to Commonwealth Financial Services to possibly join our firm as Advisory Representatives. Any such referring broker/dealer or clearing/custodial firm does not supervise Commonwealth Financial Services and has no responsibility for supervision of our Advisory Representatives, managing client portfolios or other advice or services. We have the final authority and responsibility for approving all Advisory Representatives licensed with our firm. Our receipt of Advisory Representative referrals from these firms raises potential conflicts of interest. Such firms will most likely refer potential Advisory Representatives to Commonwealth Financial Services when we encourage those Advisory Representatives' clients to custody their assets at the referring firm and whose client accounts are profitable to that firm. Consequently, in order to obtain Advisory Representative referrals, Commonwealth Financial Services has an incentive to recommend to clients that the assets under management by Commonwealth Financial Services be held in custody with the referring firm and to place transactions for client accounts with that same firm. Our arrangement does not diminish our duty to seek best execution of trades for client accounts. A referring custodial or clearing firm does not receive solicitor or referral fees from us for providing Commonwealth Financial Services with a potential Advisory Representative referral.

See *Item 12, Brokerage Practices*, for more information about the economic benefits CFS can receive from Charles Schwab & Co., Inc. and/or Fidelity Institutional Wealth Services when using their brokerage and/or custodial services to provide investment management services.

Other Cash and Non-Cash Compensation

In addition to reimbursement of training and educational meeting costs, the Firm and its Advisory Representatives may receive promotional items, meals or entertainment or other non -cash compensation from representatives of mutual fund companies, insurance companies, and Alternative Investment Products, as permitted by regulatory rules. Additionally, sales of any mutual funds, insurance products and Alternative Investment Products, whether or not they are those of Strategic Partners, can qualify Advisory Representatives for additional business support and for attendance at seminars, conferences and entertainment events. From time to time, non-Strategic Partners attend Firm sponsored meetings for a fee.

ITEM 15 – CUSTODY

Although the Firm's advisory accounts are held by a qualified custodian, the Firm is deemed to have custody of client funds because it has the ability to direct such custodians to deduct advisory fees from the client's account. In addition, the Firm engages in certain asset transmittal practices such that we are deemed to have custody of such assets. CFS is deemed to have limited custody of your assets because some clients' accounts have standing letters of authorization or other similar asset transfer authorization agreement ("SLOAs") and give us the authority to transfer funds to a third party.

On at least a quarterly basis, you will receive statements from the qualified custodian. We urge you to carefully review your statements provided by the qualified custodian and if you receive performance reports from your Advisory Representative, we urge you to carefully review the performance report and compare them with the statements provided by the qualified custodian. You should promptly notify us or your Advisory Representative upon discovery of any errors, discrepancies or irregularities.

ITEM 16 – INVESTMENT DISCRETION

We manage your accounts on either a discretionary or non-discretionary basis. We will only manage your account on a discretionary basis upon obtaining your consent. Your consent is typically granted and evidenced in the client agreement that you sign with us. We define discretion as: the ability to trade your account, without obtaining your prior consent, the securities and amount of securities to be bought or sold, and the timing of the purchase or sale. It does not extend to the withdrawal or transfer of your account funds.

We give advice and take action in the performance of our duties to you, which differs from advice given, or the timing and nature of action taken, with respect to our clients' accounts.

ITEM 17 – VOTING CLIENT SECURITIES

We do not have the authority to vote proxies solicited by, or with respect to, the issuers of securities held in your account. Typically, proxy materials will be forwarded to you by our custodian. We will forward proxy materials that we receive to you. Please contact us at any time with questions you have regarding proxy solicitations.

In addition, we do not take any action or render any advice with respect to any securities held in any accounts that are named in or subject to class action lawsuits or bankruptcy proceedings. However, we will forward you any information we receive regarding class action legal matters involving any security held in your account.

ITEM 18 – FINANCIAL INFORMATION

We do not allow, require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are well capitalized and in full compliance with applicable regulations and do not foresee any financial conditions that will impair our fulfillment of reasonable obligations or contractual commitments to you.