Item 1. Cover Page

Brochure
Form ADV Part 2A

Merit Financial Group, LLC

CRD# 142457

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November 4, 2026

This Brochure provides information about the qualifications and business practices of Merit Financial Group, LLC ("Merit"). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer by telephone at (678) 867-7050 or email at compliance@meritfa.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about Merit Financial Group, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Please note that the use of the term "registered investment advisor" and description of Merit Financial Group, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and its employees.

Item 2. Material Changes

This document includes material updates to the firm's Brochure that have occurred since the last annual amendment was filed on March 2026. Each of the material changes is described in more detail in the appropriate referenced Item of this document.

- We updated Item 5 to reflect a subsidized sub-advisory relationship with Vise.
- We updated Item 10 to reflect additional referral compensation received by Merit Tax Advisors, an affiliated tax preparation entity.
- We updated Item 10 to reflect an amended credit facility agreement with Ares Capital Corporation
- We updated Item 14 to reflect ongoing transition assistance from Fidelity Investments.

Item 3. Table of Contents

Item 1. Cover Page 1
Item 2. Material Changes 2
Item 3. Table of Contents 3
Item 4. Advisory Business 4
Item 5. Fees and Compensation 14
Item 6. Performance-Based Fees and Side-By-Side Management 23
Item 7. Types of Clients 23
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss 23
Item 9. Disciplinary Information 32
Item 10. Other Financial Industry Activities and Affiliations 32
Item 11. Code of Ethics, Participation or Interest in Client Transactions, Personal Trading. 33
Item 12. Brokerage Practices 35
Item 13. Review of Accounts 39
Item 14. Client Referrals and Other Compensation 40
Item 15. Custody 43
Item 16. Investment Discretion 44
Item 17. Voting Client Securities 44
Item 18. Financial Information 45

Item 4. Advisory Business

About our Firm:
Merit Financial Group, LLC (hereinafter "Merit," "the Firm," "we," "our," or "us" refer to Merit and the words, "you," "your," or "client" refer to you as either a client or prospective client of our firm) was established as an SEC-registered investment advisory firm in 2007. Our mission is to provide coordinated, objective advice to help you achieve your financial goals through professional wealth management. We provide our clients with a wide array of advisory services, including asset management, financial planning, retirement plan advice, participant and other consulting, employee wellness programs and educational workshops.

Merit Intermediate Holdings, LLC is the ultimate owner of Merit Financial Group, LLC. Merit Holdings, LLC, is principal owner of Merit Intermediate Holdings, LLC. In addition, certain unafilliated entities hold an indirect equity interest in Merit Financial Group, LLC ("Merit"). The Indirect Owners' interest in Merit is structured so that Merit maintains operational autonomy in managing its business. The relationship between the Indirect Owners and Merit is defined by an operating agreement that provides that the Indirect Owners do not have the authority or the ability to operate or manage Merit's business in the normal course. Accordingly, the Indirect Owners are not "control persons" of Merit. Indirect Owners, or their affiliates also hold equity interests in certain other investment advisors ("Indirect Affiliates"). Each of the Indirect Affiliates, including Merit, operates autonomously and independently of the Indirect Owners and each other. Merit does not have any business dealings with these Indirect Affiliates and does not conduct any joint operations with them. Merit carries out its asset management activity, including the exercise of investment discretion, independently of the Indirect Affiliates. Except as described in this Form ADV, the Indirect Affiliates do not formulate advice for Merit's clients. In certain cases, managers and products selected by Merit include those of Indirect Affiliates. However, none of the Indirect Owners or Indirect Affiliates have any involvement or influence in Merit's selection of managers and/or products. As such, the Indirect Owners' ownership interest in Merit does not, in Merit's view, present any material conflict of interest for Merit with respect to its clients. Consequently, information about individual Indirect Affiliates is not listed in Section 7.A of Schedule D of Part 1A of Form ADV. A list of all Indirect Affiliates is available to Merit clients upon request.

The firm also has a network of offices that provide advisory services under local *doing business as* ("DBA") names. We provide investment advisory services to clients through licensed individuals who are Investment Advisor Representatives of our firm (referred to as your "investment advisor representative" or "IAR" throughout this brochure). Your investment advisor representative could be either an employee or an independent contractor of our firm. Investment advisor representatives on occasion have their own legal business entities whose business names and/or trademarks appear on marketing materials as approved by us, or on client statements as accepted by your account's custodian.

Clients should understand that these businesses are legal entities of the investment advisor representative and not of our firm or the custodian. A complete list of our approved DBA names can be found by searching for Merit Financial Group, LLC CRD# 142457 at www.advisorinfo.sec.gov and viewing Section 1.B of Schedule D of our Part 1A of Form ADV.

As of December 31, 2024, our total assets under management were $10,576,048,244 of which, $10,567,111,722 were on a discretionary basis and $8,936,522 were on a non-discretionary basis.

Asset Management

Direct Asset Management Services

We generally follow an established investment management process with a long-term orientation. For most clients, we believe that a long-term diversified approach is the most suitable investment strategy. As part of our asset management services, we create a portfolio consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds, fee-based variable annuities and other non-traded public and private securities or investments. We also manage a group of standard model asset allocation portfolios that are used in client accounts, when appropriate. In addition, we also manage affiliate advisors' custom portfolios, either on an individual basis or as part of our firm's model portfolios.

Each portfolio is designed to meet the client's particular investment goals, risk tolerance and financial circumstances. The client's individual investment strategy is tailored to their specific needs and includes some or all of the previously mentioned strategies and securities. The investment advisor representative recommends a strategy after obtaining a reasonable belief that it is in the client's best interest. Once a portfolio has been determined and agreed upon by the client, we review the portfolio periodically or as often as necessary and will rebalance and/or recommend modifications to the portfolio as needed.

Each investment advisor representative remains responsible for managing client portfolios directly or using Merit's Investment Management team to assist with managing client portfolios. The experience of our investment advisor representatives, who in some circumstances also serve as portfolio managers, will vary from one individual to another. Along those same lines, performance results will also vary from one investment advisor representative to another.

We will manage the client's investment portfolio on a discretionary or a non-discretionary basis. As a discretionary investment advisor, we will have the authority to supervise and direct the portfolio without prior consultation with the client. Under a non-discretionary arrangement, clients must be contacted prior to the execution of any trade in the account(s) under management.

Clients have the ability to impose certain reasonable written restrictions in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in a portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client could adversely affect the composition and performance of the client's investment portfolio. Client investment portfolios are generally treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance could differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with those of clients invested in a similar portfolio.

We generally will not enter into an investment advisor relationship with a prospective client whose investment objectives we consider to be incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Clients have the ability to negotiate the fees to be charged for the services provided within the parameters set by Merit as disclosed in ***Item 5 – Fees and Compensation*** of this brochure. It is possible that different investment advisor representatives charge different fees for providing the same service to clients and different investment advisor representative (in coordination with Merit) charge their fees according to different methodologies. The specific level of services you will receive, the fees you will be charged, and when you will be charged fees will be specified in your advisory agreement ("Agreement").

Merit is the sponsor of a wrap fee program (the "Wrap Program" or "Program"). The Wrap Program is only available to clients who had an existing wrap account that was transferred to Merit at the time of their advisor's transition to Merit, and to certain clients who had an existing wrap account prior to March 31, 2025. Clients who participate in the Program pay a consolidated fee ("wrap fee") that includes both the investment advisory fee and transaction fee costs. The wrap fee is based on a percentage of the value in the client's account in the Program ("wrap fee account"). For more information about the Program please see the Wrap Fee Program Brochure, which is provided to the client at or before the time of establishing a wrap fee account.

Merit also offers "non-wrap" accounts, where the clients pay for transaction fee costs, over and above the advisory fee paid to Merit. While the client ultimately decides whether to open a wrap fee account or non-wrap fee account, if the investment advisor representative makes an account type recommendation, they have a duty to recommend the account which they have a reasonable basis to believe is in the client's best interest, both initially and ongoing.

Wrap fee programs create conflicts of interest for advisors and risks to investors. Examples include incentives for advisors trading less frequently than may be in the client's best interest, engaging in transactions that reduce costs to the advisor but increase expenses borne by the client, or mis-billing by failing to incorporate certain covered transactions costs into the wrap fee – to the extent that advisors or their supervised persons have incentives to lower their internal costs. Clients may pay more or less by participating in the Wrap Program than if they arranged to receive the same or similar services in a non-wrap fee account. For example, accounts with low trading volumes, high cash balances, or significant fixed income weightings may be able to receive similar services at a lower cost outside of a wrap fee program. In order to mitigate this conflict of interest, Merit periodically reviews our advisory fees for wrap fee accounts compared with advisory fees for non-wrap fee accounts. Clients should be aware that while the advisory fee in a wrap fee account is typically higher than a non-wrap fee account, that is not always the case.

Clients should also be aware that a wrap fee account may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and the representative typically will not agree to monitor your account or provide ongoing advice with respect to the account. So, if you plan to follow a buy and hold investment strategy for the account or do not wish to receive ongoing investment advice or management services, you should consider opening a brokerage account rather than a wrap fee account.

When deciding whether one of our advisory services is appropriate for your needs, you should bear in mind that fee-based accounts often result in lower costs than commission-based accounts during periods of heavier trading. However, during periods of lighter trading a fee-based account may result in higher costs. Depending on various factors, the total cost

for a fee-based account versus a commission-based account can vary significantly. Factors which affect the total cost include account size, amount of turnover, type and quantities of securities purchased or sold, commission rates, and your tax situation. It should also be noted that lower fees for comparable service may be available from other sources. You should discuss the advantages and disadvantages of fee-based and commission-based accounts with your investment advisor representative.

Before we assess any fees or provide formal advice, we will provide you with an Agreement for your review, understanding and signature. The Agreement includes the terms and conditions under which your assets will be managed. Your execution of the Agreement authorizes our firm to determine the specific securities, and the quantity of securities to be purchased or sold for your account for each transaction. The Agreement will remain in effect between you and us until terminated by either party in writing according to the terms within the Agreement.

The Agreement will include schedules of the investment accounts you wish us to manage, the specific fees we propose to charge and how we propose to bill and collect those fees. You also have the ability to impose reasonable limits on investment selections and sectors. However, the firm retains the right to decline to enter into a management agreement with any client whose investment restrictions are contrary to the firm's investment strategies.

Merit also uses a third-party platform to facilitate the discretionary management of held away accounts such as employer-sponsored retirement plan participant accounts. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the client allowing them to connect one or more accounts to the platform. Once a client's account is connected to the platform, Merit will review the current account allocations. When deemed necessary, Merit will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time and manage internal fees that harm account performance. Merit will review client accounts as described in Item 13 below, and allocation changes will be made as deemed necessary. Merit has agreed to pay the software provider an annualized asset-based fee equal to 0.30% for assets managed using the platform and Merit may pass along all or a portion of this expense to the client.

Separate Account Managers/Third-Party Money Managers

When appropriate and in accordance with the investment plan for a client, we may recommend the use of one or more Separate Account Managers/Third-Party Money Managers, each a "Manager." Having access to various Managers offers a wide variety of management styles and offers clients the opportunity to use more than one Manager if necessary, to meet the needs and investment objectives of the client. We will select or recommend the Manager(s) we deem most appropriate for the client. Factors that we consider in recommending/selecting Managers generally include the client's stated investment objective(s), management style, performance, risk level, reputation, financial strength, reporting, pricing, and research. These Managers are also registered investment advisors and are not affiliated with Merit. We conduct initial and ongoing due diligence on any Manager recommended or used, which includes confirming that they are properly registered.

The Manager(s) will generally be granted discretionary trading authority to provide investment advisory services for the portfolio. Under certain circumstances, the firm retains the authority to terminate the Manager's relationship or to add new Managers without obtaining the client's consent. In other cases, the client will ultimately select one or more Managers recommended by us. Fees paid to such Manager(s) are separate from and in addition to the fee assessed by the firm.

In any case, with respect to assets managed by a Manager, the firm's role will be to monitor the overall financial situation of the client, to monitor the investment approach and performance of the Manager(s), and to assist the client in understanding the investments of the portfolio.

There can be other third-party managed programs not recommended by our firm, that are suitable for the client and that can be more or less costly than arrangements recommended by our firm. No guarantees can be made that a client's financial goals or objectives will be achieved by a Manager recommended by Merit.

Financial Planning and Consulting Services

We provide a variety of financial planning services to individuals, families and other types of clients regarding the management of their financial resources. Our comprehensive planning services involve analysis of the client's overall financial situation, goals and objectives and typically addresses multiple financial planning topics based on the client's individual needs and circumstances. Comprehensive planning services clients will receive a full written financial plan unless electing to receive a verbal summary as described below in this section. We also offer more limited-focus planning advice that covers only those specific areas of concern mutually agreed upon by us and the client.

Planning advice may encompass one or more of the following areas, but not limited to: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our planning advice generally includes financial recommendations for a course of activity or specific actions to be taken by the client. For example, recommendations may be made that the client begins or revises investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs.

In some situations, the client can elect to receive a verbal summary of our review, conclusions, and recommendations. However, when financial planning services are comprehensive in nature, we typically prefer to prepare a written financial plan.

Our financial planning and consulting services do not involve our implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. Clients are under no obligation to act on the financial planning recommendations, either with Merit or another investment advisor. You have the sole responsibility for determining whether to implement our financial planning and consulting recommendations. To the extent that you would like to implement any of our investment recommendations through Merit or retain the firm to actively monitor and manage your

investments, you must execute a separate written advisory agreement with us for those services.

It should be noted that we may refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. Implementation of the recommendations will be at the discretion of the client.

Financial Wellness Program

Financial health is a major component of employee wellness and can drive engagement, productivity and success. We partner with outside companies to introduce their turnkey financial wellness programs, which provides employers with the tools to measure and help improve their employees' financial well-being. This service is separate from our investment advisory services and our investment advisor representatives are not compensated for this referral. It is essentially a tool that advisors within Merit may provide their retirement plan employers as part of the employer's benefits package. Fruition is one such service that may be provided. Fruition is owned by Rick Kent, Merit's CEO; whereas other service providers are separate from Merit and our associated persons. This creates a conflict of interest whereby Mr. Kent, through Fruition, receives additional compensation when Fruition is provided to retirement plan employers. IARs are not required to utilize Fruition and may choose to utilize other financial wellness tools that are approved by Merit.

Independent Fiduciary Services and Pension Consulting

Our firm provides independent fiduciary services to Employee Stock Ownership and Trust Plans "ESOP" and other qualified plans, where a conflict of interest exists for the plan's usual fiduciaries. In these cases, our firm will evaluate proposed investment buy/sell transactions by an owner/officer of the Trust and then will provide an opinion on whether the proposed transaction is in the best interest of the plan participants. If we determine that the proposed transaction is not in the best interest of the participants, we may make alternate recommendations.

The services provided may include a due diligence review where we gather and examine documentation regarding the corporation and its ESOP or qualified plan. Additionally, we will work closely with legal and valuation specialists to express an opinion on the legality of the proposed action and the valuation or fairness of a proposed transaction. Once we have completed our due diligence review and have received all necessary third-party opinions, we will deliver our conclusions as to whether the proposed action is appropriate or not, or we will negotiate with the parties in interest to achieve a price that is within an acceptable range. This conclusion will take the form of either a "direction" or an "opinion." With a direction, our firm will have discretionary authority to instruct the fiduciary or to take action on behalf of the company and the ESOP or qualified plan. With an opinion, the company and its board of directors will determine the action to be taken.

In our fiduciary role, we are responsible for the annual valuation of the ESOP shares or stock price. For this purpose, we retain the services of an independent appraiser who will arrive at a value. This process involves an analysis of the business' financial statements,

consultation with accountants, and working with the independent appraiser. This determined value affects how much employees who seek a distribution will receive as well as how many share the company can afford to buy back.

As the trustee of an ESOP trust, Merit or our associated persons hold the responsibility of voting the ESOP Trust Shares for the selection of the board of directors. There are other situations in which that responsibility must be passed through to the employee participants, such as in cases of liquidation, mergers, major asset sales or recapitalization.

Company stock is held in the ESOP trust for distribution in accordance with the plan document. Any stock or assets that sit in the trust are managed by the ESOP Trustee or his designee, which could be an unaffiliated investment advisor. In his role as Trustee, Mr. Phillips will interact with any third party with which Trust assets are invested and holds the fiduciary responsibility for the oversight of these investments.

We will also prepare additional reports as needed for use by your company's board of directors. If our final reports indicate that actions should be taken, our firm will typically participate in the implementation process.

Retirement Plan Advisory Services

Merit offers (1) Discretionary Investment Management Services, (2) Non-Discretionary Investment Advisory Services and/or (3) Retirement Plan Consulting Services to employer-sponsored retirement plans and their participants. Depending on the type of the Plan and the specific arrangement with the Sponsor, we may provide one or more of these services. Prior to being engaged by the Sponsor, we will provide a copy of this Form ADV Part 2A along with a copy of our Privacy Policy and the Investment Fiduciary & Retirement Plan Consulting Agreement (the "Agreement") that contains the information required under Sec. 408(b)(2) of the Employee Retirement Income Security Act ("ERISA") as applicable.

The Agreement authorizes our IARs to deliver one or more of the following services:

Discretionary Investment Management Services

These services are designed to allow the Plan fiduciary to delegate responsibility for managing, acquiring and disposing of Plan assets that meet the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). We will perform these investment management services through our IARs and charge fees as described in this Form ADV and the Agreement. If the Plan is subject to ERISA, we will perform these services as an "investment manager" as defined under ERISA Section 3(38) and as a "fiduciary" to the Plan as defined under ERISA Section 3(21). Specifically, we may agree with the Sponsor to perform one or more of the following services:

- SELECTION, MONITORING & REPLACEMENT OF DESIGNATED INVESTMENT ALTERNATIVES ("DIAs"): Merit will review with Sponsor the investment objectives, risk tolerance and goals of the Plan and provide to Sponsor an Investment Policy Statement ("IPS") that contains criteria from which we will select, monitor and replace the Plan's DIAs. Once approved by Sponsor, we will review the investment options available to the Plan and will select the Plan's DIAs in accordance with the

criteria set forth in the IPS. On a periodic basis, we will monitor and evaluate the DIAs and replace any DIA(s) that no longer meet the IPS criteria.

- CREATION & MAINTENANCE OF MODEL ASSET ALLOCATION PORTFOLIOS ("MODELS") Merit will create a series of risk-based Models comprised solely among the Plan's DIAs; and, on a periodic basis and/or upon reasonable request, we will reallocate and rebalance the Models in accordance with the IPS or other guidelines approved by Sponsor.
- SELECTION & REPLACEMENT OF THIRD-PARTY ADVISORS AND/OR MANAGERS: Merit will review with Sponsor the investment objectives, risk tolerance and goals of the Plan and provide to Sponsor an IPS or other documentation that contains criteria from which we will select, monitor and replace the Plan's third-party investment managers. Once the IPS is approved, we will select appropriate managers to manage all or a portion of the Plan's investments. We will monitor the manager(s) in accordance with the IPS and will replace any manager(s) that are no longer meeting the IPS criteria. We must have a limited power of attorney in order to hire any managers on behalf of the Plan.
- SELECTION, MONITORING & REPLACEMENT OF QUALIFIED DEFAULT INVESTMENT ALTERNATIVES ("QDIA(s)") Based upon the options available to the Plan, Merit will select, monitor and replace the Plan's QDIA(s) in accordance with the IPS.
- MANAGEMENT OF TRUST FUND: Merit will review with Sponsor the investment objectives, risk tolerance and goals of the Plan and provide to Sponsor an IPS that contains criteria from which we will select, monitor and replace the Plan's investments. Once approved by Sponsor, we will review the investment options available to the Plan and will select the Plan's investments in accordance with the criteria set forth in the IPS. On a periodic basis, we will monitor and evaluate the investments and replace any investment(s) that no longer meet the IPS criteria.

Non-Discretionary Fiduciary Services

These services are designed to allow the Sponsor to retain full discretionary authority or control over assets of the Plan. We will solely be making recommendations to the Sponsor. We will perform these Non-Discretionary investment advisory services through our IARs and charge fees as described in this Form ADV and the Agreement. If the Plan is covered by ERISA, we will perform these investment advisory services to the Plan as a "fiduciary" defined under ERISA Section 3(21). The Sponsor may engage us to perform one or more of the following Non-Discretionary investment advisory services:

- INVESTMENT POLICY STATEMENT ("IPS"): Merit will review with Sponsor the investment objectives, risk tolerance and goals of the Plan. If the Plan does not have an IPS, we will provide recommendations to Sponsor to assist with establishing an IPS. If the Plan has an existing IPS, we will review it for consistency with the Plan's objectives. If the IPS does not represent the objectives of the Plan, we will recommend revisions to Sponsor to align the IPS with the Plan's objectives.
- ADVICE REGARDING DESIGNATED INVESTMENT ALTERNATIVES ("DIAs"): Based on the Plan's IPS or other guidelines established by the Plan, Merit will review the investment options available to the Plan and will make recommendations to assist Sponsor with selecting DIAs to be offered to Plan participants. Once Sponsor selects the DIAs, we will, on a periodic basis and/or upon reasonable request, provide reports and information to assist Sponsor with monitoring the DIAs. If a DIA is

required to be removed, we will provide recommendations to assist Sponsor with replacing the DIA.

- ADVICE REGARDING MODEL ASSET ALLOCATION PORTFOLIOS ("MODELS"): Based on the Plan's IPS or other guidelines established by the Plan, Merit will make recommendations to assist Sponsor with creating risk-based Models comprised solely among the Plan's DIAs. Once Sponsor approves the Models, we will provide reports, information and recommendations, on a periodic basis, designed to assist Sponsor with monitoring the Models. Upon reasonable request, and depending upon the capabilities of the recordkeeper, we will make recommendations to Sponsor to reallocate and/or rebalance the Models to maintain their desired allocations.
- ADVICE REGARDING THIRD-PARTY ADVISORS AND/OR MANAGERS: Based on the Plan's IPS or other investment guidelines established by the Plan, we will review the third-party investment managers available to the Plan and will make recommendations to assist Sponsor with selecting a manager to manage some or all of the Plan's investments. Once Sponsor approves the manager(s), we will provide reports, information and recommendations, on a periodic basis, designed to assist Sponsor with monitoring the managers. If the IPS criteria require any manager to be removed, we will provide recommendations to assist Sponsor with evaluating replacement managers.
- ADVICE REGARDING QUALIFIED DEFAULT INVESTMENT ALTERNATIVE ("QDIA(s)"): Based on the Plan's IPS or other guidelines established by the Plan, Merit will review the investment options available to the Plan and will make recommendations to assist Sponsor with selecting or replacing the Plan's QDIA(s).
- PARTICIPANT INVESTMENT ADVICE: Merit will meet with Plan participants, upon reasonable request, to collect information necessary to identify the Plan participant's investment objectives, risk tolerance, time horizon, etc. we will provide written recommendations to assist the Plan participant with creating a portfolio using the Plan's DIAs or Models, if available. The Plan participant retains sole discretion over the investment of his/her account.
- ADVICE REGARDING INVESTMENT OF TRUST FUND: Based on the Plan's IPS, Merit will review the investment options available to the Plan and will make recommendations to assist Sponsor with selecting investments that meet the IPS criteria. Once Sponsor selects the investment(s), Advisor will, on a periodic basis and/or upon reasonable request, provide reports and information to assist Sponsor with monitoring the investment(s). If the IPS criteria require any investment(s) to be replaced, we will provide recommendations to assist Sponsor with replacing the investment(s).

<u>Retirement Plan Consulting Services</u>

Retirement Plan Consulting Services are designed to allow our IARs to assist the Sponsor in meeting his/her fiduciary duties to administer the Plan in the best interests of Plan participants and their beneficiaries. Retirement Plan Consulting Services are performed so that they would not be considered “investment advice” under ERISA. The Sponsor may elect for our IARs to assist with any of the following services:

- Administrative Support

- Assist Sponsor in reviewing objectives and options available through the Plan
- Review Plan committee structure and administrative policies/procedures
- Recommend Plan participant education and communication policies under ERISA 404(c)
- Assist with development/maintenance of fiduciary audit file and document retention policies
- Deliver fiduciary training and/or education periodically or upon reasonable request
- Assist with coordinating Plan participant disclosures under ERISA 404(a)
- Recommend procedures for responding to Plan participant requests

- Service Provider Support
  - Assist fiduciaries with a process to select, monitor and replace service providers
  - Assist fiduciaries with review of Covered Service Providers ("CSP") and fee benchmarking
  - Provide reports and/or information designed to assist fiduciaries with monitoring CSPs
  - Assist with use of ERISA Spending Accounts or Plan Expense Recapture Accounts to pay CSPs
  - Assist with preparation and review of Requests for Proposals and/or Information
  - Coordinate and assist with CSP replacement and conversion

- Investment Monitoring Support
  - Periodic review of investment policy in the context of Plan objectives
  - Assist the Plan committee with monitoring investment performance
  - Assist with monitoring Designated Investment Managers and/or third-party advice providers
  - Educate Plan committee members, as needed, regarding replacement of DIA(s) and/or QDIA(s)

- Participant Services
  - Facilitate group enrollment meetings and coordinate investment education
  - Assist Plan participants with financial wellness education, retirement planning and/or gap analysis

<u>Tax-Exempt Marketplace Services</u>

Some IARs provide services to employees of public-school systems and tax-exempt organizations that qualify under section 501(c)(3) of the Internal Revenue Code. Merit's Tax-Exempt Marketplace Services are designed for IARs to provide services to clients who have available to them, through their organization, retirement accounts held in an Optional Retirement Plan (ORP) or also known as 401(a), 403(b) and 457 accounts. Accounts are custodied at Fidelity Brokerage Services or TIAA-CREF; neither Merit nor the IAR is involved in the selection of custodian as this is determined independently by each organization.

<u>Potential Additional Retirement Services Provided Outside of the Agreement</u>

Merit and our IARs, in the course of providing Retirement Plan Services or otherwise, may establish a client relationship with one or more plan participants or beneficiaries. Such client relationships develop in various ways, including, without limitation:

- as a result of a decision by the plan participant or beneficiary to engage us for services not involving the use of plan assets;
- as part of an individual or family financial plan for which any specific recommendations concerning the allocation of assets or investment recommendations relating to assets held outside of a plan; or
- through a rollover of an Individual Retirement Account ("IRA Rollover").

In providing these optional services, we may offer employers and employees information on other financial and retirement products or services offered by us and our IARs. If we are providing Retirement Plan Services to a plan, IARs may, when requested by a participant or beneficiary, arrange to provide services to that participant or beneficiary through a separate agreement.

When a participant requests assistance with an IRA Rollover from his/her plan to an account advised or managed by us, we will have a conflict of interest if our fees are reasonably expected to be higher than those we would otherwise receive in connection with the Retirement Plan Services. For additional information relative to rollovers, please see ***Item 11 - Code of Ethics, Participation or Interest in Client Transactions, Personal Trading*** below.

Individually Tailored Services

When providing investment fiduciary services, we will tailor our advice or (if applicable) discretion to meet the investment policies or other written guidelines adopted by the Sponsor. When providing Participant Investment Advice, such advice will be based upon the investment objectives, risk tolerance and investment time horizon of each individual Plan participant.

Educational Workshops and Seminars

From time to time, we may offer expertise, at no cost, through educational financial workshops presented for individuals and business owners. Presentations focus on a variety of investment and financial planning topics.

Item 5. Fees and Compensation

Asset Management Fees

Direct Asset Management Fees

The annual investment advisory fee charged ranges up to a maximum of 2.50% of the assets held in the account. Asset Management Fees are negotiable depending on the Investment Advisor Representative (IAR) providing the management services, the market value of the account, asset types, complexity of the client's portfolio, the client's financial situation, level of portfolio trading activity, anticipated future assets, the relationship of the client to the IAR and additional services requested or performed. Fee waivers or discounts can be offered to Owners, Directors, Officers and associated persons of Merit and our related companies in addition to family members and friends of associated persons of Merit which are not available to clients.

It is important to note that it is possible that different investment advisor representatives may charge different fees for providing the same types and level of service to clients. The specific level of services you will receive and the fees you will be charged will be specified in

your advisory agreement. The annual fee for asset management services is divided and paid quarterly through a direct debit to your account. The annual fee is billed either quarterly in advance based on the market value of the assets under management on the last day of the preceding quarter or quarterly in arrears based on the market value of the assets under management on the last day of the calendar quarter. If management begins after the start of the quarter, fees will be prorated accordingly. Our fees may be negotiable, and in certain circumstances, clients could be provided a tiered fee schedule, a linear fee schedule, or a flat fee (dollar amount or percentage of assets under management) could be charged for asset management services. Depending on the fee schedule selected, you could pay more or less than if a different fees schedule were utilized.

Under a tiered fee schedule the assets can be billed at more than one fee rate.

- Example: An account is billed under the following tiered fee schedule and the account has a billable market value of $500,000
    - $0 - $100,000 @ 1.50%
    - $100,000 - $250,000 @ 1.25%
    - Above $250,000 @ 1.00%
- This account would have the first $100,000 in Assets Under Management billed at 1.50%;
- The next $150,000 would bill at $1.25%; and
- The Remaining $250,000 would be billed at $1.00%.

Under a linear fee schedule the assets are billed at one fee rate.

- Example: An account is billed under the following linear fee schedule and the account has a billable market value of $500,000
    - $0 - $100,000 @ 1.50%
    - $100,000 - $250,000 @ 1.25%
    - Above $250,000 @ 1.00%
- This account would have the full $500,000 billed at 1.00%

Merit may "household", for fee billing purposes, multiple Client Accounts together within the Advisory agreement at the Client's request. Accounts to be combined under the same billing household will be indicated as such on the Advisory agreement. This practice is designed to allow you the benefit of an increased asset total, which could potentially cause your account(s) to be assessed a reduced advisory fee based on the tiered fee schedule. Accounts opened at a later date may be added to the same billing household. Client understands that they are responsible for notifying the IAR and Merit of which Account(s) Client would like to household under the Advisory agreement for fee billing purposes. Household level billing will result in lower total fees than Account level billing.

Clients of independent contractor IARs of Merit will pay a platform fee in addition to the Asset Management Fee charged by the IAR. The platform fee is 0.25% of AUM for accounts managed by Merit's corporate investment team and 0.35% of AUM for accounts managed by the IAR. The platform fee will be fully disclosed to the client via the Advisory agreement and will be charged on the same frequency as the Asset Management Fee.

For accounts that are billed in advance, fees will only be prorated for intra-quarter deposits or withdrawals of $100,000 or greater for accounts that were active the full quarter. For accounts we apply our fees in arrears, we make adjustments for all intra-quarter deposits or withdrawals. For all accounts at all custodians, we begin calculating fees at the later of (1) the date the Advisory agreement is signed, or (2) the date the account is funded.

Fees are generally automatically deducted from the client's managed account in accordance with the authority granted by the client pursuant to the executed Advisory agreement. Clients should receive account statements from the custodian at least quarterly, reflecting the value of their account holdings and all deposits and disbursements from their account(s), including the amount of the advisory fees paid to us.

Merit believes that its annual fee is reasonable in relation to the services provided and fees charged by other investment advisors offering similar services/programs. However, our fees may be higher or lower than fees charged by other financial professionals offering similar services.

Clients who participate in the Wrap Program pay a wrap fee that includes both the investment advisory fee and transaction execution costs. Although clients do not pay a separate transaction charge for transactions in a Wrap account, clients should be aware that Merit and/or your investment advisor representative pays the custodian of your account transaction charges for those transactions. The transaction charges paid by us vary based on the type of transaction (e.g., mutual fund, equity or ETF) and the security selected. Transaction charges paid by Merit/IAR for equities and ETFs are $0 to $4.95 depending on the custodian of your account. For mutual funds, the transaction charges range from $0 to $45, depending on the custodian of your account. Because Merit and/or your investment advisor representative pays the transaction charges in Wrap accounts, there is a conflict of interest. Clients should understand that the cost to the firm of transaction charges may be a factor that the investment advisor representative considers when deciding which securities to select and how frequently to place transactions in a Wrap account. For more information about the Program please see the Wrap Fee Program Brochure, which is provided to the client at or before the time of establishing a wrap fee account.

Wrap fee programs create conflicts of interest for advisors and risks to investors. Examples include incentives for advisors trading less frequently than may be in the client's best interest, engaging in transactions that reduce costs to the advisor, or mis-billing by failing to incorporate certain covered transactions costs into the wrap fee – to the extent that advisors or their supervised persons have incentives to lower their internal costs. We mitigate this conflict of interest by conducting a risk-based review of trading activity in wrap accounts on an annual basis. Clients may pay more or less by participating in the Wrap Program than if they arranged to receive the same or similar services in a non-wrap account. For example, accounts with low trading volumes, high cash balances, or significant fixed income weightings may be able to receive similar services at a lower cost outside of a wrap fee program.

The client should review our fees and the fees charged by managers, funds, brokers, and others to fully understand the total amount of fees paid by the client for investment and financial-related services. Please see ***Item–12 - Brokerage Practices*** for additional information.

In the event that you wish to terminate our services, we will refund the unearned portion of any advisory fees you paid in advance. Upon notification of termination or within a reasonable time after learning of your termination of our services, we will seek to return pro-rata, a refund of unearned advisory fees. You will remain responsible for any unearned and unpaid fees.

Separate Account Manager/Sub-Advisor/Third-Party Money Manager Fees
Fees for services rendered by Separate Account Managers, Sub-Advisors, and Third Party Managers (collectively "Managers") are either charged to the client directly by the Manager or bundled together when we charge our advisory fee. Our advisory fee on accounts utilizing Managers is typically the same as what our advisory fee would be if we managed the portfolio ourselves. The Manager's will be disclosed to the client within the Advisory agreement and is in addition to our advisory fee. The fee paid to the Manager can be higher or lower than our fee depending on the type of investment strategy used within the account. The terms and conditions under which the client shall engage the Manager shall generally be set forth in a tri-party agreement between the client, our firm and the designated Manager or a sub-advisor agreement between Merit and the designated manager.

In certain cases, our investment advisor representatives recommend clients to third party investment advisors that offer asset management services to clients. We are paid by third party money managers when we recommend you to them and you decide to open a managed account. Fees paid to us by third party money managers are generally ongoing. The separate written disclosures provided include a copy of the third-party money manager's Form ADV Part 2, all relevant Brochures, detailing the fees we are paid, and a copy of the third-party money manager's privacy notice. Third party advisors establish and maintain their own separate billing processes over which we have no control. In general, they will directly bill you and describe how this works in their separate written disclosure documents. This presents a conflict of interest as our investment advisor representatives may have incentive to refer clients to a third-party investment advisor that has agreed to pay a portion of its advisory fee to our investment advisor representatives. To mitigate this conflict, our investment advisor representatives must act in the best interest of each of our clients at all times. Our firm performs a due diligence review on all third-party money management firms.

Merit utilizes Vise as a sub-adviser to provide portfolio management and trading services for certain client accounts. Certain unaffiliated investment product sponsors, including BlackRock, American Funds, and Dimensional Fund Advisors (DFA), subsidize all or a portion of the fees or costs associated with Vise when their investment products are utilized in portfolios managed through Vise. As a result, Merit incurs lower costs when these investment products are used than it otherwise would incur if other investment products were selected. This arrangement creates a conflict of interest because Merit has a financial incentive to select, recommend, or continue to use investment products that result in a subsidy of Vise's fees or costs. Merit addresses this conflict by requiring investment selections to be made based on factors Merit believes are appropriate for the client and the applicable investment strategy, including investment objectives, risk characteristics, performance, expenses, liquidity, diversification, and other relevant investment considerations, without regard to whether the investment results in a subsidy of Vise's fees or costs to Merit. Merit does not receive the subsidy directly from the product sponsor; rather, the economic benefit to Merit results from the reduction of costs Merit would otherwise bear for Vise's services.

Financial Planning Fees

We may provide financial planning services on a flat fee, hourly rate or an ongoing retainer basis.

Flat fees are typically prorated and payable on a monthly or quarterly basis in a number of approximately equal payments. We will invoice you on a periodic basis at the beginning of each period. In some situations, the flat fee is payable upon the delivery of the services to the client. Clients may be required to deposit a retainer at the time the Advisory Services Agreement is signed, prior to our commencement of planning services. The retainer will be applied to the client's final charge. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you and typically will not exceed $100,000.

We may also provide financial planning services on an hourly rate basis. In such instances we reserve the right to invoice you on a periodic basis as work is incurred according to our then-current billing practices or upon delivery of our services.

We may also agree to provide financial planning services through an ongoing financial planning fee. This fee may be payable annually, quarterly, or monthly. You will be provided with an invoice on a periodic basis at the beginning of each period.

The client's financial planning fee arrangement and retainer requirement is detailed in the client's Advisory Agreement with us.

Either party may terminate services at any time upon notice to the other party. Termination will be effective immediately upon receipt of notice. The client will be responsible for the time expended to the date notice of termination was received. We will provide a statement detailing the time expended by the client's IAR and the pro-rated amount refunded to or due from the client. The fee may be billed monthly, quarterly, or annually and is payable in arrears or advance depending on the arrangement.

You may pay the investment advisory fees owed for the financial planning services by submitting payment directly (for example, by check), debit card, or credit card ("card processor"). If you elect to pay by debit or credit card, you will be responsible for providing all credit card information to an unaffiliated card processing service provider. You will also be responsible for approving the initial payment for one-time charges and/or for the on-going payment schedule for the ongoing service provided your investment advisor representative. The unaffiliated card processor will process payment requests in the amounts and on such time frames (monthly, quarterly etc.) as specified in your Advisory Services Agreement. All charges for using the card processing service will be borne by Merit and/or our investment advisor representatives. Merit will be paid the financial planning fee net of any processing charges imposed by the card processor. You should notify Merit or your investment advisor representative(s) within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry.

Annual Trustee/Fiduciary Fee

We charge a fixed fee for our independent fiduciary services ranging from $16,500 to $18,000. Where plan assets exceed $10 million, we will assess additional asset-based fees, subject to negotiation, as follows:

Value of ESOP or Qualified Plan	Annualized Fee
Plan is valued at $10 Million or less	$16,500 Minimum
On the next $5 million	8.5 Basis Points ($850 per million)
On the next $15 million	6.5 Basis Points ($650 per million)
On the next $25 million	5.5 Basis Points ($550 per million)
On the next $50 million or above	4.5 Basis Points ($450 per million)

Fees are invoiced quarterly in advance. The scope of the engagement, including the services provided by our firm, the fees for service and other terms relating to fees or expenses will be outlined in the independent fiduciary agreement. Once calculated, an invoice is prepared and sent to the client for payment.

The value of the ESOP or Qualified Plan is determined annually based on third-party appraisals. You may terminate the independent fiduciary agreement within five days from the date of acceptance without penalty. After the five-day period, either you or our firm may terminate the independent fiduciary agreement by providing 30-days written notice to the other party. In the event of cancellation of the agreement, the prepaid minimum fee will be pro-rated for services rendered prior to termination of the agreement and any unearned fees will be refunded to you.

Transaction Fees

In certain circumstances, our firm or associates may be asked to review a proposed transaction and make a direction as to what action to take. These reviews may include but are not limited to a sale or purchase of stock to or from the Company, ESOP or an outside shareholder; a tender offer; or a merger. In those circumstances, we will charge a fee for this service. The minimum transaction fee is typically $35,000. Fees for a new transaction are subject to the same calculations as our Annual Trustee/Fiduciary Fee. The Transaction Fee will be the greater of the Minimum Transaction Fee and the amount of the calculated fee based upon the Annual Trustee/Fiduciary Fee schedule. An invoice for the amount of the Transaction Fee will be sent to the client for payment.

Other Out of Pocket Costs

Our agreement for services sets forth additional costs and expenses that may be charged directly to the client, or for which we may invoice the client. These fees vary by relationship but generally may include fees charged by the custodian for activities such as distributions, wires, stop payment fees, or other operational related tasks operational related tasks which may potentially include a surcharge. When applicable, travel and other out-of-pocket costs can be accumulated and invoiced to clients at cost. For these costs, an invoice will be prepared and sent to client for consideration and payment. For those assets that are managed by an unaffiliated investment advisor, additional fees will be charged. Those additional fees and expenses will be detailed in a disclosure brochure provided by the unaffiliated investment manager.

Retirement Plan Advisory Service Fees

Fees for the Retirement Plan Services ("Fees") are negotiable and vary based upon the nature, scope and frequency of our services as well as the size and complexity of the plan. Our fees may be;

- Asset-Based Fees,
- Flat Fees that are negotiable based upon size of plan, number of participants, nature, scope and frequency of services provided, or
- Project or Hourly Fees that are negotiable based upon scope of work performed.

Depending upon the capabilities and requirements of the Plan's recordkeeper or custodian, we may collect our fees in arrears or in advance. Typically, Sponsors instruct the Plan's recordkeeper or custodian to automatically deduct our fees from the Plan account; however, in some cases a Sponsor may request that we send invoices directly to the Sponsor or recordkeeper/custodian.

Sponsors receiving Retirement Plan Services may pay more than or less than a client might otherwise pay if purchasing the Retirement Plan Services separately or through another service provider. There are several factors that determine whether the costs would be more or less, including, but not limited to, the size of the Plan, the specific investments made by the Plan, the number of or locations of Plan participants, services offered by another service provider, and the actual costs of Retirement Plan Services purchased elsewhere. In light of the specific Retirement Plan Services offered by us, the fees charged may be more or less than those of other similar service providers.

In determining the value of the Account for purposes of calculating any asset-based fees, Advisor will rely upon the valuation of assets provided by Sponsor or the Plan's custodian or recordkeeper without independent verification.

Unless we agree otherwise, no adjustments or refunds will be made in respect of any period for (i) appreciation or depreciation in the value of the Plan account during that period or (ii) any partial withdrawal of assets from the account during that period. If the Agreement is terminated by us or by Sponsor, we will refund certain fees to Sponsor to the extent provided in the Agreement. Unless we agree otherwise, all Fees shall be based on the total value of the assets in the account without regard to any debit balance.

All fees paid to us for Retirement Plan Services are separate and distinct from the fees and expenses charged by mutual funds, variable annuities and exchange-traded funds to their shareholders. These fees and expenses are described in each investment's prospectus. These fees will generally include a management fee, other expenses, and possible distribution fees. If the investment also imposes sales charges, a client may pay an initial or deferred sales charge. The Retirement Plan Services we provide may, among other things, assist the client in determining which investments are most appropriate to each client's financial condition and objectives and to provide other administrative assistance as selected by the client. Accordingly, the client should review both the fees charged by the funds, the fund manager, the Plan's other service providers and the fees charged by us to fully understand the total amount of fees to be paid by the client and to evaluate the Retirement Plan Services being provided.

In the event we receive any third-party payments or subsidies in connection with our Retirement Plan Services, we will disclose such fees to Sponsors in accordance with ERISA and Department of Labor regulations.

No increase in the fees will be effective without prior written notice.

Other Fixed Fee Programs

Clients participating in the option strategy program may be charged either a negotiable fixed fee or an asset-based fee.

General Information Concerning Fees and Other Client Charges

1. Custodian Charges: Our Fee does not include miscellaneous and ancillary fees and charges assessed by the custodian. Such charges may include, but are not limited to, wiring fees, broker dealer mark-ups/mark-downs or broker dealer spreads, electronic fund and wire transfers, SEC fees, trade-away fees, alternative investment custody fees, debit balance or related margin interest, foreign exchange fees, odd-lot differentials, IRA fees, transfer taxes, exchange fees, non-sufficient funds fees, transfer fees, or other fees or taxes as required by law.

2. ETFs: Our Fee does not include the expenses of the individual ETFs. Each of the ETFs bears its own operating expenses, including compensation to the fund or sub-account advisor. By investing in ETFs, you indirectly bear the operating expenses of the ETFs because these expenses will affect the share price of an ETF. Fund expenses vary from fund to fund according to the actual amounts of expenses incurred and fluctuations in the fund's daily net assets. Further information regarding charges and fees assessed by an ETF are available in the prospectus and statement of additional information, which you should read carefully.

   To the extent that cash used for investment comes from redemptions of a client's mutual fund or other investments outside of the Program, there may be tax consequences or additional cost from sales charges previously paid and redemption fees incurred. Such redemption fees would be in addition to the Fee on those assets.

3. Mutual Funds: Your mutual fund investments may be 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. Neither Merit nor the IAR retain 12b-1 fees paid by mutual funds for advisory accounts; these fees are retained by the custodian of your account.

   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), mutual funds may also offer institutional shares 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 have no 12 b-1 fees and have lower internal expenses than other share classes.

Retail share classes are available for no-transaction fee ("NTF") and are either no-load or load-waived; meaning, there are no up-front charges to purchase these share classes. Institutional share classes typically bear an up-front charge to purchase. Merit's internal policy regarding Mutual Fund shares class selection is that Merit Investment Management will make the appropriate shares class selection based on account type and account size. Account balances below a specified threshold in standard model portfolios (as discussed below in Item 8) will invest in NTF mutual funds. This policy is reviewed on a quarterly basis. All model portfolios managed by individual IARs, and not part of the standard Merit model portfolios must be invested in Institutional shares or best available share class based on the net expense ratio.

There is no guarantee that, in hindsight, we will always have selected the most cost-effective share class. This may be due to multiple factors, including, but not limited to the following:

- Fewer trades than reasonably expected at the time of purchase;
- More trades than reasonably expected at the time of purchase;
- Changes in cost to purchase the Institutional share class; and
- Changes in the internal expenses of available share classes.

4. Variable annuity companies generally impose internal fees and expenses on your variable annuity investment, including contingent deferred sales charges and early redemption fees. In addition, variable annuity companies generally impose mortality charges annually. These fees are in addition to the fees and expenses referenced above. Complete details of such internal expenses are specified and disclosed in each variable annuity company's prospectus. Please review the Variable Annuity prospectus for full details. Certain variable annuity companies offer lower cost fee-based variable annuity products with the same features available as commission variable annuity products. These fee-based variable annuity products do not pay a commission to your IAR in their capacity as a registered representative; however, Merit and your IAR will charge an advisory fee for the management of a fee-based variable annuity.

5. Other Compensation: Many of our investment advisor representatives are licensed insurance agents and are also associated with Purshe Kaplan Sterling Investments ("PKS") as broker-dealer registered representatives ("Dually Registered Persons"). As such, they are entitled to receive commissions or other remuneration on the sale of securities and insurance products, including distribution or service ("trail") fees from the sale of mutual funds in non-advisory accounts. The recommendation that a client purchase a commission product from our Dually Registered Persons presents a conflict of interest as the receipt of commission provides an incentive to recommend investment products based on the commission to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission product from our Dually Registered Persons. To mitigate this conflict of interest, our Dually Registered Persons, are supervised by both PKS and our firm's compliance programs. The firm's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

   As a result of this relationship, PKS may have access to certain confidential information (e.g., financial information, investment objectives, transactions, and holdings) about our clients, even if the client does not establish any account through PKS. If you would like a copy of PKS's privacy notice, it is available at www.pksinvest.com

6. Expense Reimbursements: We will from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors underwrite the costs incurred for marketing such as client appreciation events, advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. The amount of these expense reimbursements is not considered to be material; further, we attempt to control this conflict by basing investment decisions on the individual needs of our clients.

Item 6. Performance-Based Fees and Side-By-Side Management

The firm does not have any performance-based fee arrangements.

Item 7. Types of Clients

We serve individuals, high net worth individuals, pension and profit-sharing plans, corporations, trusts, estates, foundations, endowments, charitable organizations, or other institutions. We may impose a minimum fee or minimum account balance for our asset management services, as set forth in the Advisory agreement.

Our Retirement Plan Services are available to clients that are sponsors or other fiduciaries to plans, including 401(k), 457(b), 403(b) and 401(a) plans. Plans include participant-directed defined contribution plans and defined benefit plans. Plans may or may not be subject to ERISA. We do not require a minimum asset amount for Retirement Plan Consulting Services.

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

The firm's primary investment strategy is to design client portfolios with the aim of building long-term wealth in line with each client's financial objectives, while staying within their risk tolerance. We may also recommend short-term purchases with the expectation that the security will be sold within a relatively short period of time, generally less than one year. We may also advise other strategies that we feel are in the client's best interest, based on their investment goals, risk tolerance and financial circumstances. Our guiding principles for investment management are as follows:

1. Objective and Independent: In order to provide our clients with the highest quality investment advice, we must stay completely independent and objective.
2. Diversify our Investments: Building wealth by being concentrated. Preserving wealth by being diversified. There is no guarantee that a diversified portfolio will enhance

overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

3. Invest with Goals in Mind: Investment choices should be made based on the intended goals of a portfolio and not based on the over/underperformance of a market benchmark.
4. Invest with a Margin of Preservation: In order to potentially limit the downside risk, minimize or eliminate investments where little to no margin of preservation exists.
5. Invest with Flexibility: A good investment process should allow for flexibility to adapt as the investment landscape changes.

Methods of Analysis

We manage portfolios on an individual client basis utilizing a variety of techniques. The firm's portfolios are primarily comprised of mutual funds, exchange traded funds and to a lesser extent, individual bonds, and stocks. Although we generally only provide advice on these products, we reserve the right to offer advice on any investment product that we determine is appropriate for a client's specific circumstances, needs, goals and objectives.

The firm's model portfolios have different "target" allocations among various asset classes, thus diversifying a client's investment dollars across a variety of investments and spreading risks in a more prudent manner.

Our primary method of evaluating equities is fundamental analysis. Fundamental analysis attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements.

We may also incorporate technical (charting) and/or cyclical analysis. Technical analysis involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends. Cyclical analysis is a type of technical analysis that involves identifying recurring price patterns and trends.

Fixed income investments may also be used as a strategic investment, to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. Merit will generally evaluate and select individual bonds or bond funds based on several factors including, but not limited to rating, yield, and duration.

We generally invest our clients' cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. We try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that we may debit advisory fees for certain services. We charge fees on these cash balance allocations.

We purchase various services and analytical software tools from Callan LLC ("Callan") Independent Advisor Group ("IAG") that Advisors use to manage client accounts. Such services and tools include capital markets and investment manager research and analytical tools that are used to assist in determining an appropriate asset allocation strategy, establishing investment manager structure and monitoring portfolio results versus relative benchmarks and peer groups.

Investment Strategies

The firm's strategic approach is to invest each portfolio in accordance with the client's investment goals, risk tolerance and financial circumstances. This means that the following strategies may be used in varying combinations over time for any given client, depending upon that client's individual circumstances.

- Long Term Purchases – securities purchased with the expectation that the value of those securities will grow and/or generate income over a relatively long period of time, generally greater than one year.
- Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- Short Sales – a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price and has potentially unlimited loss exposure if the shorted asset rises in price.
- Options Trading/Writing: a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the exercise of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security if and when the option is exercised.

While we typically do not attempt to time the market, from time to time we may increase a client's cash holdings as deemed appropriate based on their risk tolerance and our expectations of market behavior. We may also modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

Merit's Investment Management team has created a number of "sleeves", which are the building block components (typically a specific asset class, such as equities, fixed income, or liquid alternatives) from which an asset allocation model can be easily constructed to achieve blended exposure to the asset classes in those sleeves. The team has created standard models from the "core" sleeves, that range from conservative to aggressive. However, non-core sleeves can also be used by the investment advisor representatives to supplement or customize a standard model, to satisfy specific client goals. Investment advisor representatives also have the ability to supplement a standard model with individual securities or to create a portfolio comprised solely or largely of individual securities.

Equity exposure is primarily achieved through the use of mutual funds or ETFs but may incorporate individual securities. Equity allocations will typically include U.S. large cap equities, U.S. small-mid cap equities, developed market equities and emerging market equities. Fixed income exposure is primarily achieved through the use of mutual funds, ETFs, and closed end funds, but may also incorporate individual securities. Alternatives exposure is achieved through the use of liquid alternatives, such as interval funds. Potential liquid alternative investments include market neutral, long-short equity, long-short credit, tactical risk allocation, diversified arbitrage, merger arbitrage, managed futures, and commodities.

The Investment Management team centrally manages the sleeves and by extension the standard models as well. The team conducts market research and due diligence on new and existing investments, monitors all investment strategies and meets regularly with the Investment Committee. The team makes recommendations to the Investment Committee, which is the decision making body that provides oversight and governance over all of the firm's investment activities, including portfolio risk management and policies and procedures for Investment Management and Trading Operations. The Investment Committee may establish sub-committees that provide specific oversight for equities, fixed income, third-party managers, Trading Operations, etc.

Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, as applicable and without limitation, past performance, liquidity, fee structure, portfolio manager, fund sponsor, overall ratings for volatility and returns, and other factors. Trading Operations is responsible for portfolio rebalancing as well as trade requests generated by investment advisor representatives. Portfolios are rebalanced based on portfolio drift from target.

For models that investment advisor representatives have customized or for portfolios that they have created, investment advisor representatives retain the responsibility to manage them in a manner consistent with the client's objectives. This includes maintenance of any investment policy statements, evaluating and selecting all holdings, rebalancing decisions, performing initial and ongoing due diligence on any third-party portfolio manager that they recommend to clients, based on the client's needs and objectives, etc. These responsibilities may be executed individually or collectively as part of a de facto investment committee. Trading Operations handles trade execution, both for rebalances requested and trade requests made by investment advisor representatives.

Callan is the program coordinator to NGAM Advisors, L.P., the administrator and overlay manager of the Callan Unified Managed Account program ("UMA"), a multi-manager portfolio management program. Advisors may recommend to qualified clients that they utilize the UMA to achieve the benefits of multiple investment manager diversification. Callan may reduce or waive fees payable by Merit Financial Advisors for IAG services based upon fees received by Callan attributable to Merit Financial Advisors-clients' assets in the Callan UMA program. Merit Financial Advisors is unaffiliated with Callan. Participation in the Callan UMA program results in a potential conflict of interest for Merit Financial Advisors as the receipt of IAG services at reduced or wholly waived fees can create an incentive for Merit Financial Advisors to recommend the UMA to its qualified clients. In fulfilling its duties to its clients,

Merit Financial Advisors endeavors at all times to put the interests of its clients first and will only make such a recommendation when the use of the Callan UMA is suitable for the client.

Risk of Loss

While the firm seeks to diversify clients' investment portfolios across various asset classes consistent with their investment plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

When non-traded public and private investments are considered, liquidity, concentration and other risk factors are taken into consideration when placing these into client portfolios.

Below is a description of several of the principal risks that client investment portfolios face.

Management Risks. While the firm manages client investment portfolios, or recommends one or more Managers, based on experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that we or a Manager allocates client assets to individual securities and/or asset classes that are adversely affected by unanticipated market movements, and the risk that our specific investment choices could underperform their relevant indexes.

Risks of Investments in Mutual Funds, ETFs and Other Investment Pools. As described above, the firm or a Manager(s) may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

While the risks of owning shares of an ETF generally reflect the risks of owning the underlying investments of the ETF, lack of liquidity in an ETF can result in its value being more volatile than the underlying portfolio investments. Trading in shares may be halted because of market conditions or for reasons that, in the view of an exchange, make trading in shares inadvisable. In addition, trading in shares is subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules. There can be no assurance that the requirements necessary to maintain the listing of the shares of the Fund will continue to be met or will remain unchanged.

Risks of Investments in Interval Funds: An interval fund is a closed-end mutual fund that doesn't trade on an exchange and only allows investors to redeem shares periodically in limited quantities. These funds can own illiquid investments that ordinary mutual funds cannot. Designed to give retail investors and advisors an easier way to get access to illiquid assets, the interval fund is a rather complex investment tool. Despite being classified as closed-end funds, interval funds differ from both closed-end and open-end funds. It is important for investors to understand both the benefits and the risks before deciding whether an interval fund makes sense for them.

What's the Potential Upside?

- The main benefit of the interval fund structure is that, unlike a traditional open-end mutual fund, an interval fund can invest in illiquid assets. Normal mutual funds can't put more than 15% of their assets into illiquid investments like private real estate, private equity, hedge funds, etc., but that limit doesn't apply to interval funds.

- This means that a world of potentially higher-yielding investments is accessible via interval funds. There is the potential for these illiquid investments to perform well in a way that is not highly correlated with the stock market, which could make interval funds a useful way to diversify an equity-heavy portfolio. In short, interval funds give investors the possibility of owning illiquid assets within the '40 Act fund structure and with some ability to take money out from time to time.

Interval Fund Risks

- Limited Liquidity: The first negative attribute is right in the name: the "interval". Unlike traditional closed- end and open-end mutual funds, interval funds cannot be sold whenever an investor wants out. Instead, the interval fund will make a certain amount of its assets (between 5% and 25%, though 5% is more common) available for investors to withdraw on a certain regular schedule (often once per quarter, but monthly, semi-annual or annual schedules are also possible). The period of time between these withdrawal windows is the "interval" in the name of the fund structure.

  It's important to note that the fund will only accept requests for redemptions during a particular window within the quarter, which may be a few weeks long, or it may be shorter. Depending on your broker where you hold the fund, you might have as little as one specific day each quarter to submit a redemption request. If you miss the redemption window, you'll have to wait for the next quarter before you can even request to redeem any shares.

  So, what does this mean for the investor? Well, if they invest in a traditional mutual fund, they can decide on any given market day that they want to sell their entire investment (or any portion of it) and do something else with the cash. If they invest in an interval fund, however, they will get an opportunity usually once per quarter to tell the fund that they would like to sell some portion of their investment.

  Let's use an example of an interval fund that opens its redemption window once per quarter and makes up to 5% of the fund assets available for redemption. The fund has $100 million in assets. This means that at the next redemption window, up to $5 million in total can be withdrawn from the fund.

  If an investor has $100,000 in the fund and decides they want to take 100% of that money out, they might get the entire amount if other investors do not submit redemption requests that exceed the fund's repurchase limit. But if the fund is struggling and 25% of the assets in the fund ($25 million) are requested

to be withdrawn in that same quarter, then the fund will only allow $5 million to come out. *This means that investors who requested withdrawals will only get a fraction of what they requested* – 20% to be exact. So, the investor who wanted their entire $100,000 stake back will only get $20,000, and they will be left to request another withdrawal the following quarter.

In summary, if not many investors want to take their money out, it's relatively easy to make a withdrawal. But if times are bad either for the market as a whole or for the fund in particular, this could cause many investors to all request withdrawals at once, and they will end up getting much less out of the fund than they requested.

- Complexity: Compared to open-end mutual funds, interval funds are more complex. Part of the complexity comes from the structure just described, with limited redemption windows and limited redemption amounts. But the actual assets that interval funds own also tend to be complex.

  The whole point of interval funds is to give investors access to illiquid assets like private real estate, private equity and hedge funds. While these assets might have attractive risk or return features, they tend to be more complex than stocks and bonds that investors invest in via mutual funds. Instead of having prices set throughout the market day like a stock or a bond might, illiquid assets are hard to value. Because of their illiquidity, they are also inherently hard to turn into cash if the fund manager wishes to sell them.

  This level of complexity is not right for every investor.

- High costs: Because they are actively managed and entail complexity in selecting, investing in and managing underlying illiquid securities, interval funds tend to be much more expensive than "liquid alternative" mutual funds and ETFs. The largest portion of most funds' expenses is the management fee, which is what the investment adviser that oversees and manages the assets of the fund charges its investors in order to pay their own expenses (salaries, office space, software, travel, etc.).

Liquidity Risks. Any product that is traded is subject to liquidity risk, which is the risk of being unable to buy or sell those assets either in the size required or in the timeframe required without adversely affecting the price of the asset. The risk will be high if, for example, a large trade is being executed over a short period of time in an insufficiently liquid market.

Equity Market Risks. The firm and any Manager(s) will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

Fixed Income Risks. The firm and any Manager(s) may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

Foreign Securities Risks. The firm and any Manager(s) may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

Short Selling Risk. When an investor makes a short sale, the investor will often borrow the security sold short and deliver the security to the broker-dealer through which the investor made the short sale as collateral for the investor's obligation to deliver the security upon conclusion of the investment. In connection with short sales of securities, the investor may pay a fee to borrow securities or maintain an arrangement with a broker to borrow securities and is often obligated to pay over any accrued interest and dividends on such borrowed securities. At the conclusion of the investment, the investor will purchase an amount of the security sold short for delivery to the broker-dealer or pay an equivalent amount in cash to close out the trade. If the price of the security sold short increases between the time of the short sale and the time that the investor closes out the trade, the investor will incur a loss; conversely, if the price declines, the investor will realize a capital gain. Any gain will be decreased, and any loss increased, by the transaction costs described above. Accordingly, it is possible that a client selling short may lose more than the initial amount invested in the short sale, and the amount of such loss is theoretically unlimited.

Options Risk. A small investment in options could have a potentially large impact on an investor's performance. The use of options involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value, and there is the risk that a hedging technique will fail if changes in the value of a derivative held by an investor do not correlate with the securities being hedged.

Margin Risk. Clients can elect to borrow funds against his/her investment portfolio for uses other than investing inside a brokerage account. When securities are purchased, they may be paid for in full or a client may borrow part of the purchase price from the account custodian. If a client borrows part of the purchase price, the client is engaging in margin transactions, and there is risk involved with investing on margin. The securities held in a margin account are collateral for the custodian that loaned the client money. If those securities decline in value, then the value of the collateral supporting the margin loan also declines. As a result, the custodian is required to take action in order to maintain the necessary level of equity in

the client's account. Custodians may issue a margin call and/or sell other assets in an account to accomplish this. It is important that clients fully understand the risks involved in trading securities on margin, including but not limited to:

- It is possible to lose more funds than are deposited into a margin account;
- The account custodian can force the sale of assets in an account;
- The account custodian can sell assets in the client's account without contacting the client first;
- The client is not entitled to choose which assets in a margin account may be sold to meet a margin call;
- The account custodian can increase its "house" maintenance margin requirements at any time without advance written notice; and
- The client is not entitled to an extension of time on a margin call.

Cybersecurity Risk. The computer systems, networks, devices, and service providers we use to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, and security breaches. Despite the various protections utilized, these systems, networks, devices, and providers potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches can cause disruptions and affect business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences can result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, these entities can incur substantial costs to prevent or mitigate the risk of cybersecurity breaches in the future.

Pandemic Risk. The outbreak of the novel coronavirus rapidly became a pandemic and has resulted in disruptions to the economies of many nations, individual companies, and the markets in general, the impact of which cannot necessarily be foreseen at the present time. This has created closed borders, quarantines, supply chain disruptions and general anxiety, negatively impacting global markets in an unforeseeable manner. The impact of the novel coronavirus and other such future infectious diseases in certain regions or countries may be greater or less due to the nature or level of their public health response or due to other factors. Health crises caused by the recent coronavirus outbreak or future infectious diseases may exacerbate other pre-existing political, social, and economic risks in certain countries. The impact of such health crises may be quick, severe and of unknowable duration. This pandemic and other epidemics and pandemics that may arise in the future could result in continued volatility in the financial markets and could have a negative impact on investment performance.

The above list of risk factors is not intended to be a complete list or explanation of the risks involved in an investment strategy, and due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed above.

Item 9. Disciplinary Information

We have no disciplinary events to report.

Item 10. Other Financial Industry Activities and Affiliations

Broker-Dealer and Insurance Activities

As mentioned above, many of our firm's investment advisor representatives are also registered representatives of PKS, a broker-dealer and member FINRA/SIPC. Additionally, our investment advisor representatives may be licensed insurance agents. These activities present a conflict of interest to the extent that the representatives may recommend that a client invest in a security or purchase a product which results in a commission being paid to them. In order to mitigate this conflict, we disclose such commission arrangements to our clients before the client purchases any such products. Further, our representatives, as fiduciaries, are required to act in clients' best interests at all times.

As noted in ***Item 4. - Advisory Business***, certain unaffiliated entities hold an indirect equity interest in Merit. Their equity interest in Merit is structured so that Merit maintains operational autonomy in managing its business. None have any role in the day-to-day management of Merit. The unaffiliated entities may also hold equity interests in certain affiliates. Each of the affiliates, including Merit, operates autonomously and independently of each other. A list of all unaffiliated entities is available upon request

Merit has an affiliated broker-dealer, MFG Securities, LLC, which exists solely to receive commission revenue from PKS. MFG Securities does not maintain customer accounts and does not hold any securities.

Unaffiliated Registered Investment Advisor Relationships

As noted in ***Item 4 – Advisory Business***, Merit also has a network of offices that provide advisory services under local DBAs.

Seminars

From time to time, we provide financial seminars on investing topics at no cost to clients and prospective clients of the firm. Certain expenses associated with a seminar (e.g., refreshments, presentation materials, venue costs, etc.) may be paid for by a mutual fund company, ETF provider, insurance company or other investment firm. Due to receipt of the foregoing benefits, we have a conflict of interest if we recommend such companies' products and services. We address this issue by providing the seminar attendees disclosure of these arrangements when applicable.

Tax Preparation and Planning

Merit is affiliated with Merit Tax Advisors LLC . Income tax planning and preparation services may be provided to advisory clients of Merit and Merit clients may be referred to Merit Tax Advisors LLC, H&R Block, SSC CPAs or another accounting firm. Certain individuals who are employees of SSC CPAs are also IARs of Merit. Fees charged for income tax planning and preparation services are in addition to advisory fees.

Merit receives a referral fee for clients referred to H&R Block for tax prep services. Merit Tax Advisors may refer certain clients to Auris Payroll Solutions. Merit receives a referral fee for clients referred to Auris Payroll Solutions. As a result of these relationships, Merit may have access to certain confidential information (e.g., financial information, investment objectives, transactions, and holdings) about joint clients of the firms. Merit's receipt of referral compensation creates a conflict of interest and Merit seeks to mitigate this conflict of interest by disclosing it to clients.

Ares Capital Corporation Credit Facility

Merit has entered into an amendment to its credit facility with Ares Capital Corporation ("Ares"). Separately, certain investment adviser representatives of Merit recommend, and Merit's Investment Management Team and Investment Committee may select, private securities, funds, or other investment products issued or sponsored by Ares or its affiliates ("Ares Products") for client accounts.

Merit's credit relationship with Ares creates a conflict of interest because Merit has a financial relationship with Ares that is separate from its investment advisory relationship with clients. As a result, Merit has an incentive to recommend, select, or continue to hold Ares Products for clients in order to maintain a favorable business relationship with Ares, obtain favorable treatment under the credit facility, or potentially receive favorable financing terms or other benefits from Ares in the future. This conflict exists even though the credit facility is separate from Merit's investment selection process.

Merit addresses this conflict by requiring investment decisions involving Ares Products to be based on factors Merit believes are appropriate for the client and the applicable investment strategy, without regard to Merit's credit relationship with Ares. For private investments, Merit also utilizes independent, unaffiliated third-party due diligence providers as part of its evaluation process. Merit's investment selection process considers factors such as the investment's strategy, risks, anticipated return, fees and expenses, liquidity, manager qualifications, portfolio fit, diversification, and other relevant investment considerations. Merit does not condition investment decisions involving Ares Products on the availability, terms, or continuation of its credit facility with Ares.

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

The firm has established a Code of Ethics ("the Code") which applies to all associated persons. As a registered investment advisory firm, we have a fiduciary duty to all clients and must provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the core underlying principle of our Code, which also includes Insider Trading and Personal Securities Transactions Policies and Procedures.

We require all associated persons to conduct business with a high level of ethical standards, in an honest and fair manner and comply with federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all associated persons sign an acknowledgement that they have read, understand, and agree to comply with our Code. This disclosure is provided to give clients a summary of our Code. However, if a client or a potential client wishes to review our Code in its entirety, a copy will be provided promptly upon request.

We believe that if investment goals are similar for clients and associated persons of the firm, it is logical and even desirable that there be common ownership of some securities. We have adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. In the event of any identified potential trading conflicts of interest, our goal is to place client interests first. The Code also provides for disciplinary action as appropriate for violations.

Finally, when possible, related persons' accounts will be included in a block trade with client accounts to ensure the same timing and pricing of the security. If a block trade cannot be completed, we make our best efforts to place our related persons trades until the end of the day.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money, as described in this brochure, creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) staying in the Plan; (ii) rolling over your Plan account into a new employer's retirement plan (if applicable); or (iii) rolling over your Plan account to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences).

Any arrangement to reinvest your Plan account in an IRA will be part of a separate agreement between you and our financial institution. This is an important decision, and we want to make you aware of factors that might influence your choices. Some of these factors include:

1. You are not required to roll over your Plan You may keep it in the Plan or roll it over to a new employer plan (if available);
2. You enjoy certain benefits by keeping your assets in the Plan that may be lost if your Plan assets are transferred to an IRA. For example, your Plan may have unique investment products or lower investment-related fees that may not be available to your IRA and/or your Plan may offer additional services not available in your IRA;
3. Your Plan may not charge fees associated with account opening, annual maintenance, account closing, brokerage commissions, management fees and other administrative and/or investment-related expenses;

4. Options for taking withdrawals or distributions, including the timing of minimum distributions required by the IRS, may be more favorable in your Plan; and
5. Protection from creditors for your assets in the Plan may be greater than your IRA, as the latter will depend upon the laws of your particular state.

A broad array of options for investing the proceeds of your Plan account exist in the marketplace and are available to you from a wide variety of providers. You are free to invest your savings with whomever you choose. If you invest your IRA assets with us, you may pay higher fees than the fees associated with remaining in the Plan or rolling your Plan account into your new employer's retirement plan (if applicable).

Item 12. Brokerage Practices

Broker Selection

We seek to select and recommend a custodian/broker-dealer who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We will periodically review alternative custodians in the marketplace for comparison to the currently used custodians, evaluating criteria bulleted below. We consider a wide range of factors, which may include, but is not limited to the following:

- Overall execution capabilities, market expertise, integration with our systems or other factors determining ease of use
- Timeliness of execution, clearing and settlement of trades
- Timeliness and accuracy of trade confirmations
- Combination of transaction execution services and asset custody services
- Competitiveness of the price of the services provided
- Investment research services and investment tools provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Products and services offered
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Capability to facilitate transfers and payments to/from accounts
- Financial condition, security and stability
- Business reputation
- Quality of services
- Track record of prior service to us and our clients

Merit has entered custodian / broker-dealer relationships with Fidelity Institutional Wealth Services ("FIWS" or "Fidelity"), Charles Schwab & Co., Inc. ("Schwab), and SEI Investments Management Corp ("SEI"). These custodians are all independently owned and are not affiliated with Merit. Conflicts of interest associated with these arrangements are described below. Clients should consider these conflicts when selecting their custodian. While the firm typically recommends that clients establish brokerage accounts with Fidelity, clients are

advised that they are under no obligation to implement our recommendation and can choose from amongst the other listed custodian broker-dealers at their discretion. Clients may pay commissions or fees that are higher or lower than those that may be obtained elsewhere for similar services.

Where we act as trustee for ESOP plans, we recommend that our clients use Argent Trust Company, ("Argent") and/or Schwab as the qualified custodian. While we recommend that clients use Argent and/or Schwab as custodian/broker, client must decide whether to do so and open accounts with Argent and/or Schwab by entering into account agreements directly with them. Argent and Schwab provide us with access to their custody services.

Fidelity Institutional Wealth Services Program

The firm also participates in the Fidelity Institutional Wealth Services ("FIWS") program. Our relationship with FIWS was established to accommodate certain clients' pre-existing arrangements with FIWS. While there is no direct link between the investment advice we provide and participation in the FIWS program, we receive certain economic benefits from the FIWS program. These benefits may include software and other technology that provides access to client account data (such as trade confirmations and account statements), facilitates trade execution (and allocation of aggregated orders for multiple client accounts), provides research, pricing information and other market data, facilitates the payment of our fees from clients' accounts, and assists with back-office functions, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of our accounts, including accounts not held at Fidelity. Fidelity may also make available other services intended to help us manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Fidelity may make available, arrange and/or pay for these types of services to be rendered to us by independent third parties. Fidelity may discount or waive fees it would otherwise charge for some of these services, pay all or a part of the fees of a third-party providing these services to us, and/or Fidelity may pay for travel expenses relating to participation in such training. Finally, participation in the FIWS program provides us with access to mutual funds which normally require significantly higher minimum initial investments or are normally available only to institutional investors.

The benefits received through participation in the FIWS program do not necessarily depend upon the proportion of transactions directed to Fidelity. The benefits are received by us, in part because of commission revenue generated for Fidelity by the firm's clients. This means that the investment activity in client accounts is beneficial to us because Fidelity does not assess a fee to the firm for these services. This presents a conflict of interest as it creates an incentive for us to continue to recommend Fidelity to our clients. While it may be possible to obtain similar custodial, execution and other services elsewhere at a lower cost, we believe Fidelity provides an excellent combination of these services. These services are not soft dollar arrangements but are part of the institutional platform offered by Fidelity.

Charles Schwab & Co., Inc.

While Merit recommends that clients establish a brokerage account with Charles Schwab & Co., Inc., a FINRA registered broker-dealer, member SIPC, as the qualified custodian to maintain custody of the client's assets, it is ultimately the client's decision to custody assets with Schwab. Merit is independently owned and operated and is not affiliated with Schwab.

For client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other fees on trades that it executes or that settle into the client's Schwab account. Certain trades at Schwab do not incur commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in the client's account.

Schwab's services that benefit you. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets.

Schwab's services that indirectly benefit you. Schwab also makes available other products and services that benefit Merit but may not directly benefit our clients. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research that we use to service some, but not all client accounts. They also include software and other technology that: provide access to client account data; facilitate trade execution in individual clients' accounts as well as aggregated trade orders for multiple client accounts; provide pricing and other market data; facilitate payment of fees from clients' account; and assist with back-office functions, recordkeeping, and client reporting.

Schwab services that generally benefit only Merit. Schwab offers other services intended to help us manage and further develop our business enterprise. These services include educational conferences and events; consulting on technology, business, legal, and compliance needs; and publications and conferences on practice management and business succession. Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to the firm. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide Merit with other benefits, such as occasional business entertainment of our personnel.

Merit's interest in Schwab's services. The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services. Schwab has also agreed to pay for certain technology, research, marketing, and compliance consulting products and services on our behalf once the value of our clients' assets in accounts at Schwab reaches certain thresholds. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our recommendation of Schwab as custodian and broker is, when made, in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

<u>Step-Out Trades</u>

In certain circumstances, Merit may choose to execute trades for client accounts with a broker-dealer other than the custodian where the client maintains their account if we reasonably believe that another broker-dealer can obtain a more favorable execution under the circumstances. Occasionally, the firm will use a broker-dealer other than the custodian

where the client maintains their account to execute large transactions if we determine that it is in our clients' best interest and that other broker-dealer has the capability to handle such large transactions and to reduce or eliminate any potential negative price fluctuation. This generally will occur when the size of the transaction in any one security is so large that it could cause the price of the security to fluctuate, up or down, resulting in an unfavorable execution price for our clients. Where the firm trades through a broker-dealer other than the custodian where the client maintains their account, the wrap fee does not include the compensation that is paid to that broker-dealer. This compensation is embedded into the price of the security which is paid by the client. These additional costs are in addition to the wrap fee paid by the client.

Directed Brokerage

Merit does not generally allow directed brokerage accounts. Primarily for compliance and operational efficiencies, we require our clients to use Fidelity or Schwab as the broker/dealer and custodian. Clients should understand that some investment advisors allow their clients to select the broker/dealer. By requiring clients to use a particular broker/dealer, we may not achieve the most favorable execution of client transactions and it may cost clients more money than if the client used a different broker/dealer.

Aggregated Trade Policy and Allocation of Investment Opportunities

We may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This method permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. It allows us to execute trades in a timely, equitable manner, and may reduce overall costs to clients.

We will only aggregate transactions when we believe that aggregation is consistent with our duty to seek best execution (which includes the duty to seek best price) for our clients and is consistent with the terms of our Advisory agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for that specific transaction in a given security. Transaction costs for participating accounts will be assessed at the custodian's commission rate applicable to each account; therefore, transaction costs may vary among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical. We maintain procedures to ensure that transactions at different account custodians are treated fairly and equitably.

We will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how we intend to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will generally be allocated pro-rata, based on the Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of the firm. Our books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

Merit seeks to effectuate trade orders correctly, promptly and in the best interests of its clients. Consistent with our fiduciary duty, firm policy is to promptly investigate and correct any trade errors without disadvantaging its clients and in a manner that is in their best interest. If the client caused the trade error, they are responsible for any loss resulting from the correction. If the client didn't cause the trade error, the client is made whole and any loss resulting from the trade error is absorbed by either the firm the broker-dealer, depending on who is responsible for the trade error. If a gain resulted from the correcting trade, in most cases the gain is kept by the custodian.

It is firm policy to allocate investment opportunities amongst its clients on a basis that it determines in good faith is reasonable and appropriate, considering contractual obligations, portfolio diversification objectives, the specific nature of the investment, the risk-return profile of the investments, the specific investment objectives of each client, trade size, regulatory considerations, and any operational or logistical considerations or limitations, or other factors deemed relevant by the firm under the circumstances. The firm will seek to resolve any conflicts of interest associated with the allocation of any investment opportunity in a manner that it determines in good faith to be reasonable and appropriate.

Item 13. Review of Accounts

For clients subscribing to our asset management services, we review accounts on an ongoing basis. We strive to meet with clients annually or as often as necessary to review their portfolios. The nature of these reviews is to learn whether the client's accounts are in line with the client's investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our investment advisor representatives conduct these reviews.

Depending on the arrangement the clients have with the financial advisor servicing their accounts, the client may receive periodic written reports, which may contain, among other things, performance reporting. These reports generally contain a list of assets, investment results, and statistical data related to the client's account, and are made available via mail or electronic delivery. The information in these reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients are urged to carefully review these reports and compare the reports to the custody statements they receive from their custodian.

Accounts established and maintained with Managers are reviewed at least annually, usually when statements and/or reports are received from the Manager.

We provide ongoing services to financial planning clients and meet with such clients to discuss updates to their plans, changes in their circumstances, etc.

We will contact Retirement Plan Services clients at least once a year to review our Retirement Plan Services. It is important that you discuss any changes in the Plan's demographic information, investment goals, and objectives with your investment advisor representative. Plans may receive written reports directly from their investment advisor representative based upon the services being provided, including any reports evaluating the performance of Plan investment manager(s) or investments.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Item 14. Client Referrals and Other Compensation

As noted in Item 12, we receive economic benefits from Fidelity and Schwab in the form of support, products, educational services, and analytical software tools they make available to us and other independent investment advisors whose clients maintain accounts at these custodians. PKS also provides other compensation to our Dually Registered Persons, including but not limited to, bonus payments, repayable and forgivable loans, stock awards and other benefits. These products, services and compensation, how they benefit the firm and its related persons, and the related conflicts of interest are described in ***Item 12 – Brokerage Practices.***

The availability of custodians' products and services are based solely on our participation in their programs and not in the provision of any particular investment advice. Our clients do not pay more for investment transactions effected and/or assets maintained at any custodian as result of this arrangement. There are no commitments made by us any institution because of our receipt of additional support products and services that they make available to us. Schwab is not paid to refer clients to the firm.

FIWS provides Merit with certain financial assistance in relation to Merit's transition of client assets to Fidelity. Fidelity provides Merit with transition assistance funds designated to reimburse Merit and Merit clients for certain transition related expenses, including reimbursements to clients for account termination fees and other transition related expenses incurred by Merit. Fees Merit charges clients will not be reduced by the value of the transition assistance. In order to receive such transition assistance, Merit entered into an agreement with FIWS whereby the default cash sweep vehicle for client accounts will be either the Bank Deposit Sweep Program ("BDSP") for eligible retirement accounts and FCASH for eligible non-retirement accounts.

These cash sweep vehicles facilitate the automatic transfer of cash awaiting investment in your account. BDSP provides access to a Federal Deposit Insurance Corporation ("FDIC") insured bank sweep product; FCASH does not provide this access. In both sweep vehicles, uninvested cash assets eligible to be swept will go into either FCASH or, for BDSP, a bank deposit sweep product insured by the FDIC, or remain as free credit depending on the client's choice. Available money market funds outside of default cash sweep vehicles provide a higher yield than that of the default sweep vehicles. If you are seeking the highest yield currently available in the market for your cash balances, clients have the option to invest in money market mutual funds outside of the sweep vehicles depending on their goals and objectives. Please contact your IAR to discuss investment options available outside of the default cash sweep vehicles that may be more suitable for your investment goals.

The use of the default cash sweep vehicles creates a conflict of interest due to the financial benefits for Merit and FIWS. Cash balances held in default cash sweep vehicles receive a lower interest rate than the prevailing interest rates paid in other interest-bearing accounts, including money market funds. This makes the default cash sweep vehicles less profitable to

clients while providing an economic benefit to Merit. The use of these default cash sweep vehicles creates a conflict of interest due to the transition assistance received by Merit. These default cash sweep vehicles should not be viewed as long-term investment options. For help with understanding the best option for your account, please contact your IAR. Merit mitigates this conflict by regular review of client's cash sweep positions to ensure they remain in the client's best interest, and/or investing excess cash either in money market mutual funds or other securities.

Participation in Fidelity Wealth Advisor Solutions®. Merit participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which Merit receives referrals from Strategic Advisors LLC ("Strategic Advisors"), a registered investment advisor and Fidelity Investments company. Merit is independent and not affiliated with Strategic Advisors or any Fidelity Investments company. Strategic Advisors does not supervise or control Merit, and Strategic Advisors has no responsibility or oversight for Merit's provision of investment management or other advisory services.

Under the WAS Program, Strategic Advisors acts as a solicitor for Merit, and Merit pays referral fees to Strategic Advisors for each referral received based on Merit's assets under management attributable to each client referred by Strategic Advisors or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from Strategic Advisors to Merit does not constitute a recommendation by Strategic Advisors of Merit's particular investment management services or strategies. More specifically, Merit pays the following amounts to Strategic Advisors for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by Strategic Advisors and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, Merit has agreed to pay Strategic Advisors an annual program fee of $50,000 to participate in the WAS Program. These referral fees are paid by Merit and not the client.

To receive referrals from the WAS Program, Merit must meet certain minimum participation criteria, but Advisor has been selected for participation in the WAS Program as a result of its other business relationships with Strategic Advisors and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, Merit has a conflict of interest with respect to its decision to use certain affiliates of Strategic Advisors , including FBS, for execution, custody and clearing for certain client accounts, and Advisor could have an incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to Merit as part of the WAS Program.

Under an agreement with Strategic Advisors , Merit has agreed that Advisor will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to Strategic Advisors as part of the WAS Program. Pursuant to these arrangements, Merit has agreed not to solicit clients to transfer their brokerage accounts from affiliates of Strategic Advisors or establish brokerage accounts at other custodians for referred clients other than when Merit's fiduciary duties would so require, and Advisor has agreed to pay Strategic Advisors a one-time fee equal to 0.75% of the assets in a client account that is transferred from Strategic Advisors 's affiliates to another custodian; therefore, Merit has an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of Strategic

Advisors . However, participation in the WAS Program does not limit Merit's duty to select brokers on the basis of best execution.

From time to time, and consistent with legal requirements under the Investment Advisers Act of 1940, Merit and/or its investment advisor representatives enter into arrangements with third parties or other financial intermediaries for lead generation, client referrals or solicitation for program accounts (collectively, "solicitation arrangements"). Under Rule 206(4)-1 of the Advisers Act, such solicitations are considered "endorsements" and solicitors are referred to as "promotors". These arrangements range from largely impersonal referrals to specific client introductions to Merit and its investment advisor representatives. Under these arrangements the third party and financial intermediary promoters are independent contractors. The compensation paid under the solicitation arrangements is structured in various ways, including a one-time fee, a monthly marketing fee, a flat fee per lead or referral, and sharing a portion of the ongoing asset management account fee. Clients who are introduced to Merit and its investment advisor representatives through a solicitation arrangement receive a specific description of the terms of that arrangement and the compensation paid to the promoter at the time of the introduction. Depending on the promoter's arrangement with Merit, a promoter may or may not be compensated for referring a client who opens a brokerage account rather than an advisory account. Solicitation arrangements give rise to conflicts of interest because the referring party has a financial incentive to introduce new investment advisory clients to Merit and its investment advisor representatives. Merit's participation in these arrangements does not diminish its fiduciary obligations to its clients. Clients who are referred to Merit via this referral arrangement do not pay higher fees than other Merit clients as a result of the arrangement.

In addition, Merit maintains promoter referral program, where Merit seeks to cultivate client introductions from accountants and other outside professionals ("Promoters"). The preceding paragraph also applies to this program. The terms of each promoter arrangement differ, but generally, Promoters stand to receive a percentage of revenues for each referred client for a period of up to three calendar years and a buyout payment after the trailing payments have ceased. Referred clients should review the disclosure form before signing an advisory agreement.

In the event the payments, or non-monetary compensation disclosed above and in ***Item 12 – Brokerage Practices*** are received in connection with or as a result of the Retirement Plan Services, we will disclose such fees to Sponsors in accordance with ERISA and Department of Labor regulations.

From time-to-time Merit receives expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Please see ***Item 5 – Fees and Compensation*** for additional information about this conflict of interest.

Merit entered into a relationship with Cornerstone Settlements "Cornerstone" whereby Merit may refer individuals to Cornerstone to receive settlement planning, including the sale of structured settlement annuities. Should such referral become a Cornerstone customer, Merit will receive 30% of the fees received by Cornerstone from any source for services provided to such referral customer. This relationship creates a conflict of interest whereby Merit has the incentive to recommend Cornerstone. Additionally, Cornerstone entered into an agreement with Merit whereby it acts as a Promoter as described above.

Certain product sponsors, asset managers, and third-party investment advisers (collectively "Product Sponsors") make additional payments to Merit to sponsor and attend various firm hosted educational and incentive meetings throughout the year that our Advisors attend. Attendance at these meetings gives Product Sponsors access to our Advisors and provides the Product Sponsors with an opportunity to promote their service offerings. The payments made to Merit are fixed dollar payments, are not based on assets under management, and are separate from due diligence fees Merit may impose upon Product Sponsors. There are various levels or tiers of sponsorship available and the higher the tier, the greater the sponsorship contribution required and the greater access to Advisors provided.

Item 15. Custody

While Merit has custodian/broker-dealer relationships with Fidelity and Schwab, these are the custodians for the vast majority our client accounts. From time to time however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, to verify the accuracy of the balances and fees, and to notify us of any questions or concerns. Clients are also asked to promptly notify us if the custodian fails to provide statements on each account held.

All of our clients receive at least quarterly account statements directly from their custodian(s). We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

While Merit does not maintain actual possession or physical custody of client assets in the manner of its qualified custodians, as disclosed in Form ADV Part 1A we do have custody of client funds or securities under applicable SEC guidance for certain clients who have authorized us to deduct our advisory fees from the clients' account or granted us the limited power to transmit funds to one or more third parties as specifically designated by the client through a Standing Letter of Authorization. However, even in such situations the custodian maintains actual possession of the clients' assets.

Our firm or its related persons will serve as trustee of certain Employee Stock Ownership Plans ("ESOP"), in which case we are deemed to have custody. We engage an accountant to perform an annual surprise audit of the accounts for which we provide these services in accordance with regulations.

Other than for certain ESOP plans, we will not serve as a custodian for Plan assets in connection with the Retirement Plan Services. Plan Sponsors are responsible for selecting the custodian for Plan assets. We may be listed as the contact for the Plan account held at an investment sponsor or custodian. Sponsors for the Plan will complete account paperwork with the outside custodian that will provide the name and address of the custodian. The custodian for Plan assets is responsible for providing the Plan with periodic confirmations and statements. We recommend that Sponsors review the statements and reports received directly from the custodian or investment sponsor.

Item 16. Investment Discretion

As described in ***Item 4 - Advisory Business***, we will accept clients on either a discretionary or non-discretionary basis. For discretionary accounts, a Limited Power of Attorney ("LPOA") is executed by the client, giving us the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and the withdrawal of advisory fees directly from the account. We then direct investment of the client's portfolio using our discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with us and the requirements of the client's custodian.

Clients will grant Merit discretionary authority to establish and/or terminate a relationship with a Manager for purposes of managing the account or a portion of the account. Clients will also grant the Manager selected with the discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for such portion of the account managed by the Manager. Clients will also grant the Manager with the power and authority to carry out these decisions by giving instructions, on behalf of client, to broker/dealers and qualified custodians of the account.

For non-discretionary accounts, the client also generally executes an LPOA, which allows us to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the advisory agreement between us and the client, we will not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients may limit the terms of the LPOA, subject to our agreement with the client and the requirements of the client's custodian.

Under a non-discretionary arrangement, clients must be contacted prior to the execution of any trade in the account(s) under management. This can result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

When providing Retirement Plan Services described herein, we may exercise discretionary authority or control over the investments specified in the Agreement. We perform these services to the Plan as a fiduciary under ERISA Section 3(21) and investment manager under ERISA Section 3(38). We are legally required to act with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. This discretionary authority is specifically granted to us by Sponsor, as specified in the Agreement *(see also, Item 4 above)*.

Item 17. Voting Client Securities

As a policy , we do not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may

contact us with questions relating to proxy procedures and proposals; however, we generally do not research particular proxy proposals.

Item 18. Financial Information

We do not require nor solicit prepayment of more than $1,200 in fees per client, six months or more in advance, and therefore have no disclosure with respect to this item.