Compensation From Product Sponsors, PAS and Resulting Conflicts of Interest

Harbour and its IARs have a duty to disclose potential and actual conflicts of interest to their clients. IARs also have a duty to report potential and actual conflicts of interest to their advisory firms. IARs should not attempt to limit their liability for willful misconduct or gross negligence through the use of disclaimers. A copy of Harbour's Code of Ethics which elaborates on this is available upon request.

Accounts receiving management services within a wrap fee program are monitored by a client's IAR on a continuous basis and the frequency of client reviews are determined by the investment mix of the account and the desire of the client. Such reviews may also be triggered by economic news, news about a particular security, client requests, and change in client's personal or financial situation, securities research, deposits to or withdrawals from an account or other events.

IARs may conduct investment advisory activities under separate unaffiliated business names. All client funds must be made payable to the corresponding custodian, not the IAR or their unaffiliated business.

Harbour and its IARs enter agreements with solicitors to refer clients to Harbour for investment advisory services. Any compensation paid by Harbour to the solicitors is based on the client executing an advisory agreement with Harbour. Compensation to the solicitor is paid based on a written agreement between Harbour and the solicitor. Solicitors are required to provide the client with a copy of Harbour's Form ADV Part 2A and an Investment Advisory Solicitors Disclosure Form which sets out certain criteria. Clients acknowledge receipt of these disclosures by signing the Investment Advisory Solicitors Disclosure Form.

Clients provided asset management services receive account reports prepared by Pershing Advisor Solutions ("PAS"), Charles Schwab Advisor Services division of Charles Schwab & Co., or TD Ameritrade Institutional, and other approved custodians on a monthly or quarterly basis. In addition, a report may be prepared by Harbour and IAR according to the frequency agreed upon between IAR and client. In most cases, these reports will be generated annually.

Registered investment advisers are required to provide certain financial information or disclosures about Harbour's financial condition. Harbour has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

For those clients purchasing or depositing mutual funds with Harbour, Harbour will choose or convert the share class of a mutual fund holding to a lower cost share class of the same mutual fund, if available, if this otherwise makes economic sense and is in the best interest of the client. Each mutual fund, as well as each clearing firm custodian has minimum purchase amounts. A clearing firm custodian may charge for a mutual fund share class conversion. A review will be conducted on these accounts to determine if a share class conversion makes sense for the client. Harbour will consult with the client regarding share class conversions.

Harbour has an agreement with PAS for the marketing of certain brokerage and other services provided by PAS to RIAs and their customers. Pursuant to this agreement Harbour receives compensation from PAS when Harbour refers an RIA to PAS who uses PAS services. This compensation currently consists of .0002% of Assets Under Management custodied at PAS up to $500,000,000. Assets Under Management over $500,000,000 generates compensation from PAS to Harbour in the amount of .00008% of Assets Under Management. This compensation is calculated annually and paid to Harbour quarterly. RIAs referred by Harbour to PAS in some instances are owned or are otherwise associated with individuals who are registered with Harbour as broker-dealer representatives. The compensation Harbour receives from PAS is not paid to clients, nor is such compensation charged clients directly or indirectly. Harbour is not affiliated with PAS in any way other than by virtue of the “arm’s length” marketing contract. Harbour endeavors at all times to put the interest of its clients first. Clients should be aware, however, that the receipt of such economic benefits including those it receives from PAS creates conflicts of interest for Harbour and may influence the recommendation of PAS for custody and brokerage services by Harbour, its IARs or other RIAs. The conflict occurs because Harbour’s receipt of the marketing fee discussed above is an incentive to recommend PAS. Clients are advised that they are not required to use PAS and that other custodians are available who do not pay Harbour any marketing fee, but who provide services similar to PAS.

Harbour also receives additional compensation based on a fixed amount and expense reimbursements (“Additional Compensation”) from certain product sponsors who are considered “participating sponsors”. These payments are paid to Harbour out of the revenues of the sponsoring investment company, registered investment adviser or insurance company and are NOT paid out of client assets.   Harbour uses this Additional Compensation to assist in training, education, and marketing services. As of January 2016, participating sponsors include Nationwide, Franklin Square, VOYA, American Funds, AXA Equitable, ECA Marketing, Flexible Plan Investments, Forethought, Good Harbor Financial, Horter Investment Management, Jackson National, Sammons, Sierra Mutual Funds, TD Ameritrade, InSource and Newman Long Term Care. The participating sponsors additional compensation paid to Harbour ranged from $1,500 to $35,000 for the year 2015.

In return for this Additional Compensation, Harbour’s Participating Sponsors have greater access to IARs and also registered representatives for product training and other educational presentations and information so they can better serve investors. This creates a conflict of interest for Harbour, its IARs and registered representatives since it may incentivize them to focus on these sponsors when recommending products to clients instead of products from non-sponsors that have more limited access. Clients are advised of this conflict and are informed that they are not required to purchase any product from a participating sponsor who pays Harbour and its IARs Additional Compensation.

Harbour and its IARs receive 12b-1 fees from certain mutual fund companies as described in the fund's prospectus. 12b-1 fees typically are expenses of the mutual fund which reduce the overall return a client may receive on a mutual fund investment. The receipt of such fees by Harbour, its IARs and registered representatives also results in a conflict of interest for Harbour and its IARs since there is an incentive to recommend funds with 12b-1 fees over funds that have no fees or lower fees. Clients are free to choose funds which do not pay 12b-1 concessions. Where it makes economic sense and like alternatives are available, Harbour will recommend products for clients that do not pay 12b-1 fees.

Insurance companies may pay bonus payments to the rep or adviser which create a conflict or potential conflict which could influence the rep or advisor to recommend the insurance companies product now and/or in the future. The client is free to choose a different product which does not make such payments.