



ADCAP ASSET MANAGEMENT LLC  
COMPENSATION AND CONFLICTS DISCLOSURE

[lakeforestsecurities.com](http://lakeforestsecurities.com)

This disclosure provides information about the business practices, compensation and conflicts of interest related to the collective brokerage and advisory business of Lake Forest Securities LLC ("LFS") and Adcap Asset Management LLC ("Adcap") (referred to collectively as "we," "us," or "our"). Additional information about us and our financial professionals is available on FINRA's website at [brokercheck.finra.org/](http://brokercheck.finra.org/) or via the SEC's website at [sec.gov](http://sec.gov).

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**ITEM 1 INTRODUCTION**

LFS is a broker-dealer registered with the Securities and Exchange Commission (SEC) and member of the Financial Industry Regulatory Authority (FINRA). As a broker-dealer, LFS transacts business in various types of securities, including stocks, exchange-traded funds (ETFs), options, bonds, mutual funds, structured products, collateralized mortgage obligations (CMOs), alternative investments and other investment products, while offering such services to clients located domestically, as well as outside of the U.S.

Adcap is a registered investment adviser with the State of Florida that provides advisory services to individuals, including high net worth individuals, corporations, and institutions or other business entities domiciled or residing in the United States, Latin America and other countries abroad. Clients may elect Adcap to manage a portion or all of their assets on a discretionary or non-discretionary basis.

We maintain a network of individuals, referred to as "financial professionals", who offer brokerage services, investment advisory services, or both, depending on their licenses. Some of our financial professionals are investment adviser representatives (IARs) of Adcap, and Registered Representatives of LFS as well as employees of affiliated entities and non-affiliated third-party brokerage firms or investment advisers.

We sometimes refer to these specific financial professionals as "financial advisors" or "advisors." Our financial professionals are primarily employees although some are independent contractors. In some cases, our financial professionals may be employees of unaffiliated financial institutions, other broker dealers or foreign advisory firms, at which our services are offered. Those registered persons or independent financial professionals are dispersed throughout the U.S. and abroad and often market services under their own business name.

Although some financial professionals offer both brokerage and investment advisory services, some only offer brokerage services and others only offer investment advisory services.

**When you are discussing services with a financial professional, you should ask what capacity the financial professional is acting or will be acting – as a broker-dealer registered representative and/or an IAR – when providing services to you.**

This disclosure discusses important information regarding financial professionals who act as registered representatives of our broker-dealer. For more information about us and the services financial professionals provide when they act as IARs, please see Adcap's Form ADV disclosure brochures available at [adviserinfo.sec.gov](http://adviserinfo.sec.gov) or contact us for a copy of our Form ADV. For additional information on which type of investment account is right for you, please see our Form CRS (Customer Relationship Summary) that can be found at [lakeforestsecurities.com](http://lakeforestsecurities.com).

Like all financial services providers, we, and our financial professionals have **conflicts of interest**. We and our financial professionals are compensated directly by customers and indirectly from the investments made by customers. When customers pay us, we typically get paid a commission or sales load (at the time) of the transaction and in some cases a deferred sales charge. This type of compensation structure is typically referred to as an "upfront" commission. If we are paid an upfront commission, it means that we are paid more the more transactions a customer executes. When we are paid indirectly from the investments made by customers, we receive ongoing compensation, typically called a "trail" payment, for as long as a customer holds that investment. In addition, we receive compensation from the sponsors of some of the investment products that customers purchase through us. The amount we receive varies depending on the particular type of investment a customer makes. The compensation described in this disclosure represents the maximum gain or profit we receive on an investment, before subtraction of our expenses.

Please also note that not all of the conflicts described in this disclosure apply to a particular financial professional, his /her services, or all the products we sell. The types and amounts of compensation we receive change over time. You should ask your financial professional if you have any questions about compensation, costs, fees, or conflicts of interest.

## **ITEM 2 COMMISSIONS, FEES, AND OTHER TYPES OF SALES COMPENSATION**

### **Commissions and Sales Charges**

LFS receives upfront commissions when it executes transactions that result in the purchase or sale of a security. A commission, which also may be called a sales load, sales charge or placement fee, is typically paid at the time of the sale and can reduce the amount available to invest or can be charged directly against an investment. Commissions are often based on the amount of assets invested. LFS receives the sales charge or commission and shares it with your financial professional. In some cases, a portion of the sales charge or commission is retained by the mutual fund investment's sponsor. Commissions vary from product to product, which creates an incentive to sell a higher commission security rather than a lower commission security. The maximum and typical commissions for common investment products are listed below. For more information about other commissions that apply to a particular transaction, please refer to the applicable investment's prospectus or other offering document.

- **Equities and Other Exchange Traded Securities.** The maximum commission charged by LFS in an agency capacity on an exchange- traded security transaction, such as an equity, option, ETF, exchange traded note (ETN) or closed-end fund (CEF), is 5% of the transaction amount. For options the maximum is typically 1.50% of the underlying notional. In addition, the financial professional can decide to discount the commission amount to a minimum of \$75.00 per transaction.
- **Bonds.** The maximum commission or markup/markdown paid typically ranges from .25% to 3.25% and can depend on the maturity of the bond.
- **Mutual Funds and 529s.** The maximum commission or sales charge permitted under applicable rules is 4%, although the maximum is typically 2%.
- **Structured Products .** For structured products such as structured notes/bonds, or collateralized mortgage obligations (CMOs), the maximum commission paid typically ranges from .50% to 5.00% and can depend on the maturity and liquidity of the Structure Product.
- **Alternative Investment Products** For alternative investment products, such as hedge funds, private equity funds,

private placements, or real estate investment trusts (REITs), the upfront commission or sales load is as high as 5%.

### **Markups and Markdowns – Principal or Dealer Transactions**

When LFS buys from or sells a security to you in a principal capacity, LFS buys or sells the security directly from you, rather than acting as your agent to buy or sell the security from a third party. These transactions are also known as “dealer transactions.” In these circumstances, if we sell a security at a price higher than what we paid for it, we will earn a markup. Conversely, if we buy a security from you at a price lower than what we sell it for, we will earn a markdown. Transactions in bonds and other fixed-income securities such as structured products often occur as dealer transactions.

The maximum markup/markdown on a fixed income transaction with a customer that we receive when acting in a principal capacity typically does not exceed 3.25% of the value of the security. On rare occasions, a markup/markdown may exceed 3.25% on a deeply discounted security or hard to find. In many cases, the actual markup/markdown percentage is lower based on factors such as quantity, price, type of security, rating, maturity, etc. Please ask your account executive to provide you with our schedule of fees.

### **Brokerage Practices**

From time-to-time, LFS and Adcap will also buy from or sell a security directly from/to clients, this usually happens when a client is holding a fixed income security that does not meet the minimum quantity to be sold in the open market and it is sold internally to another advisory client or we can improve the price by taking the mid-market price between bid and ask price and afford a better price to the client. In an Advisory Account, we will only do this in accordance with SEC rule 206-3 and with a written consent from the client selling the security and from the client that is buying the security, in this case, there will be no mark-up or mark-down for the transaction, but there will be an executing ticket charge of \$45.00 per client.

### **Service Fees and Charges**

If you hold an account at LFS, LFS charges a quarterly account maintenance fee and miscellaneous fees directly to your account such as transaction processing fees, wire fees, account transfers fees. For service fees that apply per transaction, LFS receives more fees the more transactions that result from a financial professional’s recommendation. These service fees and charges are not shared with our financial professionals, and are not charged if you hold an account directly with a product sponsor rather than with us. For a complete list of fees you will incur, please refer to our schedule of fees or ask your account executive.

### **ITEM 3 THIRD PARTY COMPENSATION**

We and our financial professionals receive compensation from investment product sponsors and other third parties in connection with investments that our customers make in securities such as mutual funds, and alternative investments. Some types of third-party compensation are received by us and shared with our financial professionals, and other types are retained only by us.

#### **Third Party Compensation Shared by Us and Financial Professionals Trail Compensation**

We and our financial professionals receive ongoing compensation from certain investment products such as mutual funds, and alternative investments. This compensation (commonly known as trails or Rule 12b-1 fees) is typically paid from the assets of the investment product under a distribution or servicing arrangement with the investment sponsor and is calculated as an annual percentage of assets invested by our customers. The more assets you invest in the product, the more we will be paid in these fees. Therefore, we have an incentive to encourage you to increase the size of your investment. The amount of trails received varies from product to product. This creates an incentive to recommend a product that pays a higher trail rather than a lower trail. We also have an incentive to recommend a product that pays trails (regardless of amount) rather than products

that do not pay trails. For more information about trail compensation received with respect to a particular investment, please refer to the prospectus or offering document for the investment.

- **Mutual Funds and 529s** The ongoing payment depends on the class of shares but is typically between 0.25% and 1% of assets annually.
- **Alternative Investments.** For alternative investment products, such as private funds, trail payments may be as high as 1.25% on an annual basis. Trail payments for managed futures funds can be as high as 2% annually.

### **Concessions and Mutual Fund Finder's Fee**

In certain cases, we and our financial professionals receive compensation from a mutual fund sponsor in connection with transactions for which sales charges are waived or under other circumstances and as described in a fund's offering documents. This compensation is generally referred to as a finder's fee or concession and typically ranges between 0.25% and 1% of the transaction amount. We also receive concessions from investment sponsors for other types of investments. These concessions vary from product to product, and are generally shared between us and the financial professional. Concessions can be as high as 0.25% of the transaction amount for new issues of certificates of deposit, municipal bonds and other short-term dated bonds, up to 3% of the transaction amount for structured products, and up to 4% of the transaction amount for CEFs.

### **Non-Cash Compensation**

We, our employees, and financial professionals receive non-cash compensation from investment sponsors that is not in connection with any particular customer or investment. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, customer workshops or events, or marketing or advertising initiatives, including services for identifying prospective customers. Investment sponsors also pay, or reimburse us and/or its financial professionals, for the costs associated with education or training events that may be attended by our employees and financial professionals and for our sponsored conferences and events.

### **Third Party Compensation Retained by LFS Cash Sweep**

For accounts held at LFS by way of its designated clearing firms (Pershing, LLC or RBC Correspondent Services), uninvested cash balances are automatically invested in a money market sweep fund. LFS receives compensation for marketing support from the sponsors to these funds, ranging between 1 and 50 basis points (bps) of the assets invested in the money market funds.

Customers should compare the terms, interest rates, required minimum amounts and other features of the sweep program with other types of accounts and investments for cash. This compensation creates an incentive for LFS to maintain custody and recommendations involving Pershing or RBC respectively.

### **Credit Cards**

As part of its cash management services, LFS makes available credit cards for its customers through a partner bank. LFS receives a portion of the transaction volume of the cardholder's account. LFS' portion of the transaction volume varies depending on the number of active cardholder accounts after a certain threshold.

## **ITEM 4 PRODUCT COSTS AND RELATED CONFLICTS**

Financial professionals provide recommendations with respect to a broad range of investment products, including stocks, bonds, ETFs, mutual funds, options, structure notes/bonds, collateralized mortgage obligations, and alternative investments. Each type of investment product carries unique risks, and many investment products charge fees and costs that are separate from and in addition to the commissions and fees that we and financial professionals receive. You can learn more about these

risks and the fees and costs charged by an investment product by reviewing the investment product's prospectus, offering memorandum, or other disclosure documents.

Set out below is the typical range of expenses of the various investment products we sell. In most cases, these expenses are in addition to the commissions and fees that LFS receives for its brokerage services.

- **ETFs.** The expense ratios range from 0.05% to 1.0%, with an average expense ratio of around 0.44%.
- **Mutual Funds.** Expense ratios can vary based on the type of mutual fund purchased. The average expense ratio for actively managed funds is 0.5% to 1.0%, for passive index mutual funds the average is 0.2%.
- **UITs.** Typical annual operating expenses for UITs range from 0.20% to 4.00%. Equity UITs usually comprise the low end of the range while UITs whose trust consist of a basket of CEFs typically comprise the high end of the range.
- **Alternative Investments.** The typical range of annual expenses, excluding any commissions or dealer manager fees, is 0.80% to 6.00% which may include management fees, acquisition fees, disposition fees, performance participation fees, organization and offering fees, acquired fund fees and expenses, or interest payments on borrowed funds.

### **Share Class and Fund Selection**

We offer various share classes of mutual funds and 529s. As an example, certain mutual fund share classes, often referred to as Class A shares, charge an upfront sales charge and an ongoing trail. For other mutual fund share classes, often titled Class C shares, there is no upfront sale charge paid, however, there is an ongoing trail payment and a contingent deferred sales charge to the investor if there is a redemption within a certain period of time after purchase. Depending on the length of the holding period for the mutual fund or 529, and other factors, one share class may be less expensive to the investor than another, and we and the financial professional may earn more or less in compensation for one share class than another. Because of their characteristics and sales load structure, mutual funds generally are longer term investments. Frequent purchases and sales of mutual funds can result in significant sales charges unless the transactions are limited to exchanges among mutual funds offered by a sponsor that permits exchanges without additional sales charges. We maintain policies and procedures that are designed to detect and prevent excessive mutual fund switching, but you should monitor your account and discuss with your financial professional any frequent mutual fund purchases and sales.

Some share classes or funds we offer do not charge or pay to us an upfront sales charge, and pay us ongoing trails of 0.25% or less annually ("no-load funds"). We make no-load funds available only to certain customers or through certain of our programs. We may be compensated in other ways by sponsors of no-load funds, such as through revenue sharing payments. Because of the limited compensation from no-load funds, we have an incentive to limit the availability of no-load funds we offer and to recommend you invest in funds that impose sales charges and trails.

We also offer various mutual funds and ETFs, some of which have similar or identical investment strategies but differing fee structures. For example, a mutual fund that is designed to track an index of securities, such as the S&P 500 Index, may have higher or different types of fees than an ETF that is designed to track the same index. Whether a fund or ETF is more expensive than another fund or ETF with a similar or identical investment strategy may depend on factors such as length of holding, size of the initial investment and other factors. we and a financial professional may earn more compensation for one fund or ETF than another, giving us and the financial professional an incentive to recommend the product that pays more compensation to us.

### **ITEM 5 CUSTOMER REFERRALS, OTHER COMPENSATION, AND OTHER CONFLICTS**

#### **Payment for Referrals**

We offer programs where we pay professionals, such as attorneys or accountants, and others for referrals. In one such program, we pay such professionals for referrals to our advisory and brokerage business, and customers must acknowledge

the referral payment to the professional. In another program, the professionals become registered as representatives of LFS and or IARs of Adcap and share in brokerage commissions and or advisory fees in connection with the referral.

We and financial professionals may enter into lead generation, marketing and/or referral arrangements with third parties and other financial intermediaries, including for the purpose of introducing new customers to those third parties. The fees paid for these services can be structured in various ways, including an ongoing flat fee, incentive fees, commissions, management fees, success fees, promote fees and interest fees which are shared with us and our financial professionals.

## **Margin**

We offer customers the ability to purchase securities on credit, also known as margin purchases. When a customer purchases securities on margin, LFS' custodian (Pershing LLC or RBC Correspondent Services) extends a line of credit to the customer and charges interest on the margin balance which in turn is shared with LFS. LFS has a financial incentive to encourage margin borrowing because LFS earns compensation in the form of interest, transaction charges and other fees on investments made with borrowed amounts; therefore, maintains an incentive to recommend margin accounts. That financial incentive creates a conflict of interest insofar as LFS benefit from your decision to borrow and incur the various fees and interest described above. If contemplating use of margin, please consult the Pershing or RBC Margin Agreement and related disclosures for additional details.

## **Error Correction**

If a customer holds an account with us and a trade error caused by us occurs in the account, we will cancel the trade from the customer account and remove the monetary loss to the customer from the account. If a trade correction is required as a result of a customer negligence (e.g., if a customer does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), we will cancel the trade and any resulting monetary loss will be borne by the customer. In the case of a trade that requires a correction and that resulted in a monetary gain to the customer, such gain may be removed from the account and may result in a financial benefit to us.

## **Rollovers**

If a customer decides to roll assets out of a retirement plan, such as a 401(k) plan, and into an individual retirement account (IRA), we have a financial incentive to recommend that a customer invests those assets with us, because we will be paid on those assets, for example, through commissions, fees and/or third party payments. A customer should be aware that such fees and commissions likely will be higher than those the customer pays through the plan, and there can be custodial and other maintenance fees. As securities held in a retirement plan are generally not transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

## **Limitations on Investment Recommendations**

We and financial professionals typically offer and recommend investment products only from investment sponsors with which we have entered into selling and distribution agreements. Other firms may offer products and services not available through us, or the same or similar investment products and services at lower cost. In addition, we may only offer certain products in a brokerage account, even though there is a version of the product that may be offered at a lower cost through an advisory account, and vice versa. You should ask your financial professional if the product or sponsor recommendation is part of our approved products list prior to implementing any recommendation.

The scope of products and services offered by certain financial professionals may also be more limited than what is available

through other financial professionals. A financial professional's ability to offer individual products and services depends on his/her licensing, training or branch office policy restrictions. For example, a financial professional maintaining a Series 6, Series 63 and Life Insurance Agent license is limited to providing investment company securities, such as mutual funds and UITs and variable annuity contracts. A financial professional maintaining a Series 7, Series 63 and Life Insurance Agent license is able to provide solutions including all securities available for sale by a Series 6 representative as well as individual stocks, bonds, and alternative investments, among others. As another example, a financial professional may only be licensed to provide brokerage services, and not advisory services, or vice versa. To provide investment advisory services, a financial professional is often required to be registered as an IAR with the state in which he/she has a place of business.

You should ask your financial professional about the securities or services he/she is licensed or qualified to sell, and his/her ability to service investments that you transfer to us from another firm. You should also review the licenses held by your financial professional by visiting the FINRA BrokerCheck system at [brokercheck.finra.org](http://brokercheck.finra.org).

### **Compensation of Certain Employees**

Certain of our employees provide sales support resources to financial professionals who offer various types of brokerage and advisory products, programs, platforms and services. The compensation that we pay to these employees varies based on a number of factors, including assets in the program and compensation earned by us from the sales of these products and services. These sales employees have an incentive to promote certain of our programs and platforms to financial professionals over others or those available through third parties.

### **Investment Advisory Account – Directed Brokerage**

When a client retains Adcap to manage his/her account on a discretionary or non-discretionary basis, the client grants Adcap the authority to select the broker-dealer(s) that will be used to place and execute the transactions in the advisory accounts. It is the policy and practice of Adcap to strive for the best price and qualitative execution that are competitive in relation to the value of the transaction (best execution). In selecting a broker-dealer or other intermediary, Adcap will consider such factors that in good faith and judgment it deems reasonable under the circumstances.

Use of LFS (Affiliate FINRA Member Broker-Dealer). Adcap routinely directs brokerage to LFS. Not all advisers require their clients to direct brokerage to a particular broker-dealer. By directing brokerage, the client may be unable to achieve most favorable execution and this practice can cost clients more money.

Typically, LFS assesses Adcap accounts a flat "execution commission"/"brokerage commission" related to cost of executing advisory transactions on behalf of Adcap customers. Particularly for Equity transactions for advisory accounts, LFS charges a variable cost based on a fixed ticket cost + basis points per share. LFS does not share the aforementioned flat execution commissions or equity variable cost with Adcap. Such commissions and fees are maintained solely by LFS, which also indirectly benefits the owners of Adcap since both entities are under common ownership. LFS' execution fees/commissions are in addition to any clearing related fees assessed by the clearing firm such as ticket charges for transactions and separate from advisory fees charged by Adcap. LFS maintains negotiated fee schedule with Pershing and RBC respectively, which in certain instances includes a markup on related clearing firm fees. Based upon this structure, LFS and (in turn its common owners with Adcap) will receive additional economic benefit (revenues) from the negotiated fee schedules or additional services based on the transaction volume attributable to the advisory accounts.

LFS is an introducing broker-dealer that clears through Pershing and RBC. Adcap evaluates certain factors in connection with its selection of LFS as its primary designated broker-dealer for advisory customer accounts. Listed below are the primary considerations Adcap weighs in its evaluation of its arrangement with LFS:

- LFS has expertise in the markets and types of securities desired;
- LFS has the ability to execute directly in the desired markets;
- Pershing, LLC and RBC Correspondent Services are qualified custodians;
- The knowledge and close relationship between the LFS traders and the advisory personnel, which helps to facilitate the communication process and allows for quicker handling of execution instructions;
- In the case of Pershing, the ability to service foreign clients and associated costs, including commission rates, ticket charges and other service charges in comparison to other clearing firms providing similar services;
- Efficiency and accuracy of execution, clearance and settlement provided by Pershing, LLC and RBC Correspondent Services respectively;
- Responsiveness of Pershing and RBC customer service teams;
- LFS, Pershing and RBC commitment to technology and the security of confidential information;
- Neither LFS nor Pershing or RBC has provided any indication or representation that they would be unable to fulfill its financial responsibilities or is at risk for financial insolvency; and
- The overall reputation and professional integrity of Pershing and RBC respectively.

Due to the common ownership, dual association of representatives and additional compensation your advisory representative and Adcap maintains a conflict/incentive to recommend and execution transactions via LFS.

## **ITEM 6 FINANCIAL PROFESSIONAL COMPENSATION, FEES AND RELATED CONFLICTS**

We generally compensate financial professionals pursuant to an independent contractor agreement, and not as employees. However, some financial professionals are our employees. Described below are the compensation and other benefits that independent contractor financial professionals receive from us:

- **Variable Compensation**

We typically pay a financial professional a percentage of the revenue he/she generates from sales of individual products and services, or a portion of the collective percentage of revenues generated from managing advisory assets. The percentage received can vary (typically between 40% to 90%) depending on his or her agreements with us and the investment product or service recommended, and can be more or less than what he/she would receive at another brokerage firm. When compensation is based on the level of production or assets, the financial professional has a financial incentive to produce more revenues. LFS currently does not employ branch managers. However, if and when this occurs, we will pay compensation to branch managers based on sales of products and services in the branch, In some cases, financial professionals pay a portion of their compensation to their branch manager or another financial professional for supervision and/or administrative or sales support. There is a conflict of interest because the compensation affects the branch manager's ability to provide objective supervision of the financial professional. We and branch managers have an obligation to supervise financial professionals and may decide to terminate a financial professional's association with us based on performance, a disciplinary event or other factors. The amount of revenue a financial professional generates creates a conflict of interest when considering whether to terminate a financial professional.

### **Other Benefits**

We charge financial professionals various fees under our independent contractor agreement for, among other things, trade execution, administrative services, insurance, certain outside business activity related supervision, technology and licensing. Depending on the situation, these fees make it more or less profitable for the financial professional to offer and recommend certain services or products over others. In certain cases, these fees are reduced based on the financial professional's overall business production or the amount of assets serviced by the financial professional, which gives the financial professional an incentive to recommend that you invest more in your account or engage in more frequent transactions. Transaction fees charged to your financial professional can also vary depending on the specific security that the financial professional recommends. As an example, the transaction fees a financial professional must pay us to purchase or sell a mutual fund for your account may differ between funds, which creates an incentive for your financial professional to recommend the fund that carries the lowest transaction charge.

### **Recruitment Compensation and Operational Assistance**

If a financial professional recently became associated with us after working with another financial services firm, he/she may receive recruitment compensation from us in connection with the transition. In many cases, this transition assistance includes payments from us that are commonly intended to assist a financial professional with costs associated with the transition; however, we do not verify that any payments made are actually used for transition costs. These payments can be in the form of repayable or forgivable loans, and are subject to favorable interest rate terms, as compared to other lenders. In the case of forgivable loans, the loans are generally subject to repayment if the financial professional leaves us before a certain period of time or other conditions are not met.

The amount of recruitment compensation is often significant in relation to the overall revenue earned or compensation received by the financial professional at his or her prior firm. Such payments are generally based on the size of the financial professional's business established at his/her prior firm, for example, a percentage of the revenue earned or assets serviced at the prior firm, or on the size of the assets that transition to us. The receipt of this compensation creates a conflict of interest in that the financial professional has a financial incentive to recommend that a customer open and maintain an account with us for advisory, brokerage and/or custody services, and to recommend switching investment products or services where a customer's current investment options are not available through us, in order to receive the this type of benefit or payment.

### **Financial Professional's Outside Business Activities**

Financial professionals are permitted to engage in certain approved outside business activities other than the provision of brokerage and advisory services through us, and in certain cases, a financial professional could receive more compensation, benefits and non-cash compensation through the outside business than through us. Some financial professionals are General Partners, Limited Partners, Directors, Board Members of other financial or non-financial institutions, issuers of private placements, and some financial professionals may refer customers to those other service providers and receive referral fees. **As an example**, a financial professional could provide advisory or financial planning services through an unaffiliated investment advisory firm, sell insurance through a separate business, or provide third party administration to retirement plans through a separate firm. A financial professional may sell insurance through an insurance agency not affiliated with us. In those circumstances, the financial professional would be subject to the policies and procedures of the third-party insurance agency related to the sale of insurance products, and would have different conflicts of interest than when acting on behalf of us. A financial professional may earn compensation, benefits and non-cash compensation through the third-party insurance agency and may have an incentive to recommend you purchase insurance products away from us. If you engage with a financial professional for services separate from us, you may wish to discuss with him/her any questions you have about the compensation he/she receives from the engagement as well as the amount of time they dedicate to serving our customers. Additional information about your financial professionals outside business activities is available on FINRA's website at

[brokercheck.finra.org](http://brokercheck.finra.org), as well as asking your financial professional for a copy of their most recent Form ADV Part 2B Supplement.

### **Compensation for Other Services**

We and financial professionals can offer various types of advisory and brokerage programs, platforms and services, and earn differing types and amounts of compensation depending on the type of service, program or platform in which you participate. This variation in compensation can incentivize a financial professional to recommend services, programs or platforms that generate more compensation for us and the financial professional than others. For example, if you expect to trade securities frequently in your account, a brokerage account in which you pay a commission for each transaction may generate more compensation for your financial professional than an advisory account that generates compensation in the form of investment advisory fees.

### **ITEM 7 OTHER FINANCIAL INDUSTRY AFFILIATIONS**

We are affiliated with other financial services companies. We are under common control with Adcap Securities Ltd. BVI, a broker dealer regulated by the British Virgin Islands Financial Services Commission. We are also under common control with Adcap Securities Uruguay Agente de Valores S.A., a broker dealer under the regulatory supervision of the Central Bank of Uruguay. Adcap Securities Argentina S.A., a broker dealer under the regulatory supervision of the Argentina National Commission of Securities, Adcap Asset Management Sociedad Gerente de Fondos Comunes de Inversiones S.A., an investment advisor under regulatory supervisor of the Argentina National Commission of Securities. We are also under common control with Adcap Colombia S.A. Comisionista de Bolsa, a broker dealer/investment advisor regulated by the Financial Superintendent of Colombia. We do not share office space and do not receive any transaction based compensation or other financial incentives from our affiliates.

**Please consult the Disclosures page on our website on a periodic basis for current information about our brokerage business at [lakeforestsecurities.com](http://lakeforestsecurities.com). We may not notify you when changes are made, so you should consult the website to learn about any changes that have been implemented accordingly. If you are unable to access the website or require paper copies of any documents referenced in this information, please contact the compliance department at [info@lakeforestsecurities.com](mailto:info@lakeforestsecurities.com).**