Cetera® | ADVISORS LLC
Member FINRA/SIPC

INVESTOR RELATIONSHIP AND INVESTMENT INFORMATION

We value our relationships, and as a client, we make it our business to strive to help you achieve your financial goals and objectives. So, whether you are a new or long-time investor, saving for college or accumulating wealth for retirement, we can help by making it easier for you to invest and manage your money. We offer a wide variety of services, products and resources that help meet your investment needs.

We want to ensure that before you make an investment you understand your rights and responsibilities, as well as the risks and costs associated with investments. Investing is serious business, and investments involve risks that can result in losses. That's why we are providing you with this valuable information. We believe that providing you the information you need to make sound decisions is the first and most important step in developing a lasting relationship. Please take a moment to read each section carefully. Our firm and your financial professional are available to answer any questions.

OUR FIRM

Cetera Advisors LLC (Cetera Advisors) is a broker-dealer and registered investment adviser that provides a wide variety of investments and services. If you have an advisory account with Cetera Advisors, information about our investment advisory services and related asset-based compensation can be found in the ADV 2A found here: https://myceterasmartworks.com/Public/Portal/Content.aspx?ContentId=6281145.

As a broker-dealer, our firm is subject to the rules of: the United States Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority, Inc. (FINRA), the Municipal Securities Rulemaking Board (MSRB), and all 50 states and applicable U.S. territories. The ultimate goal of these various entities is to ensure fair, orderly and efficient securities markets, protect investors and the public interest, as well as to promote market integrity.

Our firm fully supports the efforts of these regulators and is an advocate of full and fair disclosure of information to you as our client. We have developed an internal Code of Ethics as well as an extensive set of policies and procedures applicable to our business and expect the highest standards of conduct from our financial professionals.

WORKING WITH YOUR FINANCIAL PROFESSIONAL

As a registered representative of Cetera Advisors, your financial professional must act in accordance with our firm's policies and places your interests first. The following information is important to your working relationship with your financial professional.

Your Rights as an Investor

Clients have the right to high standards of professionalism from their financial professionals. The following is what you can expect to receive from our firm and your financial professional:

- Courteous and timely service from your financial professional and all other associates and employees of our firm.
- The ability to select your own financial professional or request a different one if you are not satisfied.
- Confidential treatment of your personal information (please see our Privacy Policy at https://www.cetera.com/privacy-policy).
- Investment suggestions based upon our understanding of your financial condition, financial needs, goals and objectives.
- A copy of a current prospectus, or other offering document, as applicable, which will include important information about, among other things, the potential risks, benefits and most of the costs associated with the suggested transactions. You should speak with your financial professional about any aspect of a suggested transaction and should never invest in a product or strategy if you do not understand how it works and the risks and costs associated with it.
- A Form CRS (Customer Relationship Summary), as well as a document entitled "Regulation Best Interest Supplemental Disclosure for Cetera Advisors." It is important that you read these documents in their entirety because they are intended to help retail investors like you better understand the services you can expect from us, as well as the fees, costs, conflicts of interest, and required standards of conduct that apply to your relationship(s) with our firm and your financial professional, including when we and/or a related entity act as your transaction-based broker-dealer, a fee-based registered investment adviser, or in both capacities as a dual registrant.
- Other information that is on our firm's website with respect to compensation, commissions, and conflicts of interests.
- Communication with your financial professional prior to any transaction and timely execution of all transactions.
- Written "confirmations" confirming each transaction executed in your account(s).
- Account statements that are accurate and easy to understand for securities that are purchased and held in your brokerage account(s) or account(s) held directly with a sponsor company, such as a mutual fund. Please read your written confirmations and account statements as you receive them as they contain important information about securities transaction(s) in your account,

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including costs, charges and fees. Please contact your financial professional as soon as possible if you have any questions about anything contained in a confirmation or account statement.

- Prompt response to any questions or concerns you have, and fair resolution of any problems with your account(s).
- On request, information regarding your financial professional's experience and industry background. More information regarding your financial professional's background is also available at FINRA's www.brokercheck.com.

It is important to realize that securities investments:

- Are not deposits and are not FDIC/NCUSIF insured;
- Are not insured by any federal government agency;
- Are not guaranteed by any bank or credit union or by Cetera Advisors;
- May fluctuate and/or decline in value; and
- May be illiquid in certain circumstances, which means that they cannot be readily sold.

Your Keys to Investing and Responsibilities as an Investor

Every investor should know the basic "keys" for better investing. One of the most important steps in striving to attain your financial objectives is to establish a long-term relationship with your financial professional. A financial professional must be educated in investments and techniques of investing and care about his or her clients. Our financial professionals receive regular training and are dedicated to helping you reach your financial goals.

You also have important responsibilities when it comes to working with your financial professional. Once you have established a relationship with your financial professional, we suggest the following rules of investing that should be followed throughout your relationship to ensure the best possible relationship with our firm and your financial professional:

Approach investing like you would any important goal: get involved in the process. First, gain an understanding of your starting point. What are your resources, your risk tolerance, your time horizon, and your goals? Second, design an investment plan suited to your individual circumstances. Third, monitor your results and make adjustments, if necessary, to keep yourself on track. This can be attained by taking the following steps:

- Provide your financial professional with complete and accurate information about your income, net worth, tax status, investment experience, occupation, age, dependents, risk tolerance, expectations around when you will want/need to use your invested assets, and other information as requested. Update this information as it materially changes. Be honest about your concerns and ask questions about risks or transaction charges. Financial professionals rely upon this information when making any recommendation concerning your account.
- Inform your financial professional about mutual fund holdings you may have at other broker-dealers, banks or trust companies, or held directly with a mutual fund company (including those you may hold in a retirement plan or as part of an annuity). This is to ensure that you can receive any appropriate discounts on purchases you make through our firm and to help your financial professional and you consider the most appropriate share class for your mutual fund transaction(s).
- Be open and clear about your current financial situation and objectives and contact your financial professional immediately if your circumstances change. To best serve you, your financial professional must be aware of all relevant facts.

Assume decision-making responsibility for your investments. You can expect your financial professional to offer more than one alternative for investing, and you should evaluate your alternatives to help determine which actions are best. To assist in your decision to make a reasoned judgment about investment suggestions, take the following steps:

- Educate yourself about the investment under consideration, and do your best to understand the risks, costs and liquidity issues of any investment you make. Request and carefully read prospectuses and other materials before making any decisions. It is important that you have a clear understanding of the potential risks and benefits of each investment you make. If you have any questions about the information, ask your financial professional.
- Use educational resources such as FINRA's Investor Education resources (available at www.finra.org/investors).
- If you are investing in mutual funds, ask about breakpoint availability in the funds, and discuss share class options.
- Consider asset allocation—a tactical, sophisticated long-term approach to investing. Asset allocation provides the blueprint, which helps you diversify your assets into the appropriate asset classes with proper balance determined between you and your financial professional. Again, your financial professional has the tools and skills to help you. Asset allocation, which is driven by complex mathematical models, should not be confused with the much simpler concept of diversification. Neither asset allocation nor diversification guarantees future performance or risk against loss.
- It is better to err on the side of being conservative than too aggressive.

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- Consider carefully the validity and reliability of investment information obtained from all sources, especially unsolicited information obtained over the Internet. Assess the following factors as well:
  - If an investment seems too good to be true, it probably is. Be wary of stock tips and other promises of high returns and guarantees. The first rule of investing: higher investment returns are usually accompanied by higher risks. Don't reach for unrealistically high returns.
  - Review all statements and confirmations and report any errors to your financial professional immediately. Your financial professional should be able to quickly provide you with answers to your questions.
  - Review your holdings on a regular basis and whenever your financial circumstances change. Consider the following as well:
    - Be patient. Stick to your plan. Consider employing a dollar cost averaging strategy and approach the market with a long-term point of view. Dollar cost averaging does not ensure a profit and does not protect against loss in a declining market. Such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities. Investors should consider their financial ability to continue their purchases through periods of low-price levels.
    - Don't succumb to fear when the market is dropping, and don't become greedy when prices are rising. Emotions can be the greatest enemy to your long-term investment plan. Don't try to "time" the market as no one can do it successfully all the time.
    - Have cash or securities available in your account at the time of a transaction. The SEC requires payment for purchases of securities by settlement date, which is usually between one to three business days.

The following is a list of examples for you as an investor of things not to do:

- **Do not** loan any money or securities to, or borrow from, your financial professional.
- **Do not** make a check, money order or wire (including ACH payments) payable to your financial professional, your financial professional's business name, nor give your financial professional cash to make an investment purchase.
- **Do not** make any investment in any business or venture in which your financial professional is involved in the organization or management of the business, unless the investment is made through our firm, and your funds for the purchase are forwarded to our firm.
- **Do not** authorize or permit your financial professional to act as personal custodian of your securities, stock powers, money, or other real or personal property you own.
- **Do not** give your financial professional any personal identification numbers (PIN) for bank accounts or securities accounts or expect them to transfer money from those accounts for any purpose.

Remember to always ask questions. Your financial professional is there to serve your best interests, and you should feel free to ask any question about any aspect of your account or a transaction. If you have any questions about the amount of compensation that we will earn from your investments, including charges and fees, please review the prospectus, if applicable, for any investment you are considering, our website, Form CRS, as well as a document entitled, "Regulation Best Interest Supplemental Disclosure for Cetera Advisors," and other materials you receive from us, discuss them with your representative, and/or contact your financial professional or Cetera Advisors at 800.929.3485.

Inform your financial professional if you do not understand his or her suggestions and explanations. You should not invest if you do not understand the suggestions, explanations, products, services, or risk. You control your investment decisions.

Your Financial Professional's Other Businesses

Your financial professional offers professional guidance to clients like you involving securities products offered through our firm, and thus must abide to our written policies and procedures subject to our supervisory oversight. Your financial professional may also have a business that is separate from and unaffiliated with our firm, and thus that is not supported or supervised by our firm. If properly licensed, your financial professional may offer non-securities products and services that are not through or supervised by our firm, including among others:

- Real estate brokerage
- Legal services
- Accounting services
- Estate planning
- Business planning
- Tax preparation
- Fixed insurance
- Advisory services offered by another advisory firm

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It is important to understand when your financial professional is providing services through our firm and when services are offered away from our firm in connection with another business activity. When acting as your registered representative, your financial professional may only recommend products approved by our firm, and sales or purchases of these products may only be done through our firm.

When engaged in the non-securities related activities noted above, your financial professional is not acting as a registered representative or agent of Cetera Advisors and is not subject to the rules and regulations of the SEC, FINRA and other securities regulatory bodies, although he or she may be subject to other regulations. You should independently assure that your financial professional is properly qualified to engage in non-securities related activities before agreeing to conduct any of these businesses with him or her. Do not hesitate to contact our home office by writing to the attention of the Compliance Department at Cetera Advisors, 400 First Street South, Suite 300, St. Cloud, MN 56301, if you have any questions about your financial professional or any product or service.

IMPORTANT THINGS TO KNOW ABOUT INVESTING

As a firm, we offer a wide variety of investments, some of which are quite complex. You should always educate yourself about a particular investment before purchasing it. You should always read prospectuses and other documents you receive concerning your investment. We have included the following general information to assist you and not as a substitute for your reading the more complete documents relating to your specific investment.

Securities Products and Costs of Investing

Commissions are not the only costs involved in certain securities transactions. Certain securities products have internal expenses that affect the return on your investment, and the firm will charge additional transaction costs and fees as firm revenue disclosed within your account agreement and each written confirmation you receive in connection with a securities transaction. Transaction costs usually exceed the actual cost incurred by our firm, and the difference is additional transaction-based revenue to our firm. The costs imposed by a particular security, including internal expenses, are described in the prospectus, and you should carefully read that information. Listed below are some general cost considerations for more common securities products.

Stocks and Bonds

Our firm usually transacts purchases and sales of stocks on an agency basis. This means that as the broker-dealer, we act as your agent for these transactions and receive a commission. Stock commissions generally range from 1% to 5%, depending on the size of the trade and the number of shares. The commission is added to the purchase price or subtracted from the sale price of the transaction. There will usually be other charges, costs, and/or fees for the transactions, which are detailed on your confirmation.

Mutual Funds

Mutual funds have a more complex cost structure than stocks and bonds. These costs can include, among other things, commissions (generally referred to as “loads” or “sales charges”) and distribution and marketing costs as well as internal expenses. The costs are set by the mutual fund company and are described in the fund’s prospectus and Statement of Additional Information.

The various costs for a particular mutual fund generally vary depending on the class of fund you decide to purchase and, in some circumstances, how much you invest. Different mutual funds have different classes and more classes are evolving all the time, and the costs and expenses associated with a share class choice will affect the returns on any investment, as described below for several retail classes.

Class A Shares

In purchasing Class A mutual fund shares, you can expect to pay a front-end sales charge usually referred to as a “load.” The load is included in the price you pay (much like a commission you pay when you purchase a security from our firm) that is paid to our firm, which in turn, shares a portion of it with your financial professional. The amount you pay for the investment less the “load” is what gets invested in the mutual fund. These are described in a standardized fee table located near the front of a mutual fund’s prospectus under the heading “Shareholder Fees.” Class A shares, as with other mutual fund classes, also have internal fees and expenses, including annual operating expenses (such as distribution fees known as 12b-1 fees), that are paid from the assets in the fund and affect your return on investment. These fees are described in the fund’s fee table under the heading “Annual Fund Operating Expenses.” We also suggest you read as much as possible to better understand mutual funds and the effect fees and expenses have on your investment(s), including the SEC Investor Bulletin: How Fees and Expenses Affect Your Investment Portfolio at www.sec.gov.

The amount of the sales load on Class A shares varies by fund family and also varies within a fund family depending on the amount you purchase. As you purchase more Class A shares within a fund family and achieve a stated “breakpoint” level, the amount of the load gets lower. The point at which a purchase of Class A shares includes a reduced sales charge or load is called a “breakpoint.” The breakpoints are described in the fund prospectus and are important for you to consider in making a mutual fund Class A share purchase. Importantly, you achieve breakpoints with the more money you invest in a fund family, not as you invest in funds across

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different fund families. In determining when you reach a breakpoint, mutual fund families will often consider your prior purchases within the same fund family in all of your accounts, including your retirement accounts, such as your pension plan, 401(k), IRA, etc., as well as purchases you intend to make in the near future, and purchases made by your "immediate family members" as defined within each prospectus. When you purchase mutual funds, including Class A mutual fund shares, you should ask your financial professional about the availability of breakpoints. You should also tell your financial professional all mutual fund holdings and new purchases made by you and your family, even if made through another broker-dealer, bank, trust company or directly with the mutual fund company so that your financial professional can take them into consideration when assessing which share class may be in your best interest, including whether and to what extent you may be entitled to a breakpoint. Without knowledge of all of your mutual fund holdings, your financial professional cannot determine whether you are entitled to a breakpoint, or which alternative investments are best for you.

Class B Shares
As a firm, because of the internal costs associated with Class B shares and the availability of breakpoints on Class A shares, we do not offer Class B share mutual funds. Generally speaking, Class B shares of mutual funds are commonly referred to as having a "Deferred Sales Charge (Load)" or a back-end load (instead of a front-end) in the fee schedule contained within a fund prospectus. When purchasing a Class B share, a sales load is not deducted at the time of purchase but will charge a back-end fee known as a contingent deferred sales charge if you sell your Class B share before the fee reduces to zero over time (usually several years). Class B shares also have annual 12b-1 fees, and in many instances will be more expensive to own compared to other share classes.

Class C Shares
Class C shares generally have no front-end sales load or a sales load that is smaller than the front-end sales load charged on Class A shares. Please refer to the specific fee schedule within a fund's prospectus in connection with any mutual fund purchase. Class C shares often have back-end sales load if you sell the shares within a short period of time, generally within one year following the purchase date. Class C shares usually have higher internal expenses than both Class A and Class B shares, which will affect your investment performance if you hold the funds for a long period of time. Unlike Class B shares, most Class C shares will not convert to Class A shares over time. C Shares are usually a better option where, at the time of purchase, you and your financial professional reasonably believe you may sell your mutual fund investment in short order, and you have not achieved substantial breakpoints discounts associated with Class A shares.

Because of the internal costs and the availability of breakpoints, we may restrict the amount of Class C shares you may purchase through your financial professional. Upon request, your financial professional can provide a calculation that compares the cost of a Class C share to a Class A share.

Deciding Which Mutual Fund Share Class is Right for You
Deciding which mutual fund share class is right for you takes careful thought. In general, you should consider and discuss with your financial professional:

- How much you are investing today.
- How much you intend to invest in the near future.
- How much of a particular mutual fund you or your immediate family members already own.
- How long you intend to hold the funds.
- What is the sales charge or load that you will pay and how much are the internal expenses of the mutual fund that will affect the value of your investment over time.
- What are your goals and objectives for purchasing the mutual fund.
- How much time you are willing to invest in following the performance of the mutual fund managers.

Both the SEC and FINRA maintain websites at www.sec.gov/investor/tools/mfcc/holding-period.htm and https://tools.finra.org/fund_analyzer/, respectively, that have mutual fund expense calculators. These calculators can help you compare and evaluate the costs and expenses of purchasing different fund share classes. There are also other materials that more fully explain mutual funds on FINRA's website at www.finra.org/investors/insights/mutual-funds-and-fees, which we invite you to read. Your financial professional can help you calculate which fund and which fund share class is best for you.

Investors should consider the investment objectives, risks, charges, and expenses of the mutual fund carefully before investing. The prospectus contains this and other information about the variable annuity. Contact the issuing company or your financial professional to obtain a prospectus which should be read carefully before investing or sending money.

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Variable Annuities

A variable annuity is a contract between you and an insurance company. It is both a security and an insurance product. The insurance company agrees to make periodic payments to the owner (or beneficiary) beginning either immediately or at some future date. You can purchase variable annuities either by making a single payment or a series of payments. Variable annuities can help you accumulate tax-deferred earnings as part of your overall retirement plan. They are designed to be long-term investments and are not suitable for meeting short-term goals because substantial taxes, penalties and charges can apply if you withdraw your money early.

Variable annuities involve market risk. Variable annuities offer a range of investment options and the market value of your variable annuity will vary depending on the performance of the investment options you choose. The investment options within a variable annuity usually include stocks, bonds, money market instruments or some combination of these investments. The available investment options you choose are usually referred to as “sub-accounts.”

Variable annuities are complex investment products and it is important that you understand how they work. Although the investments in the sub-accounts are similar in many respects to mutual funds, the fees and expenses may differ, and the way they work differ greatly. Variable annuities, like other securities, are sold through a prospectus that you should read carefully before purchasing – like other securities products, the prospectus will not only explain how they work and the options they provide, but will detail investment risk as well as a comprehensive fee and expense schedule. The firm is paid for selling variable annuities, and we in turn pay your financial professional a substantial portion of the money we receive from the variable annuity company. Below are the general features of a variable annuity.

Annuity Pay-out Option

Variable annuities allow you, at a specific time and election by you, to receive periodic payments for the rest of your life or the life of your spouse or any other person you designate, and offer protection against the possibility that, after you retire, you will outlive your annuity income.

Death Benefit

If you die before you begin to receive periodic payments on your annuity, your beneficiary is guaranteed to receive a specific amount—typically at least the amount of your purchase payments less any withdrawals from the variable annuity investment, even if the current value has declined below the guaranteed amount.

Tax-deferred Compounding

Earnings on a variable annuity grow on a tax-deferred basis. This means that income taxes that would have been paid on interest, dividends or capital gains are deferred until you make a withdrawal from the account. It is important to note, however, that when you withdraw your money from a variable annuity, you will be taxed at ordinary income rates rather than the lower capital gains rate you would pay on other investments. In general, the benefit of tax deferral may outweigh the costs of a variable annuity only if you hold it as a long-term investment.

It is important to note that if you purchase a variable annuity through a tax-advantaged retirement plan such as an IRA, 401(k), 403(b) or Keogh plan, you will not get any additional tax advantage from the variable annuity. You should consider whether your annuity investment would be more appropriate in a non-tax-advantaged account. You should consider buying a variable annuity in your tax-advantaged plan only if it makes sense because of its other features, such as lifetime income and death benefit protection. The tax rules applicable to variable annuities are complicated and you should consult with your tax professional before investing in a variable annuity.

Step-up Basis

The growth of an annuity is fully taxable as income, both to you and your heirs. Upon inheritance, the proceeds of most variable annuities do not receive a “step-up” in cost basis when the owner dies. This means that the IRS treats the annuity as though your heirs just earned it, and they must pay income tax on it now.

Tax-free Transfers

You can transfer your money from one investment option to another within a variable annuity without paying taxes at the time of the transfer, subject to any limitations imposed by the insurance company as described in the prospectus.

Variable Annuity Fees

Variable annuities may impose a variety of fees when you invest in them. You should read the prospectus carefully to determine which fees are applicable. Below are some of the more common variable annuity fees.

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Surrender Charges
Most variable annuities do not charge an initial sales charge. Our firm and your financial professional are compensated from the internal expenses of the product. That means that 100% of your funds are available for investment in the sub-accounts. However, insurance companies usually do charge a deferred sales charge if you withdraw money from the variable annuity during a certain period of time described in the prospectus. Generally, the surrender charge is a percentage of the amount withdrawn and declines gradually over a period of years. Some contracts will allow you to withdraw a specific percentage of your account value without paying a surrender charge. However, withdrawals are subject to applicable income taxes and, if taken before age 59½, an IRS penalty.

Mortality and Expense Risk Charge
This charge compensates the insurance company for insurance risks it assumes under the annuity contract. These charges are deducted as a percentage of the value of the sub-accounts, usually in the range of 1.25%, and vary from one company to another.

Administrative Fees
These fees cover the administrative costs associated with servicing the variable annuity, including the cost of transferring funds between sub-accounts, tracking purchase payments, issuing confirmations and statements, record keeping and other customer service activities. Administrative fees are also deducted from the value of the sub-accounts.

Underlying Fund Expenses
This annual fee covers the fees and expenses imposed by the investment fund management and administration that manage and administer the underlying investments in your variable annuity. Fund expenses include the cost of buying and selling securities and administering trades. These expenses are assessed on the value of the sub-accounts.

Determining Whether to Purchase a Variable Annuity
Before you invest in a variable annuity, it is important that you read the prospectus and fully understand the features of the annuity and its fees and expenses. You should consider and discuss with your financial professional whether:

- You will use the variable annuity primarily to save for retirement or similar long-term goal.
- The features offered within the variable annuity you intend to purchase align with your short- and long-term financial objectives, including that you have no short-term need for the investment proceeds.
- You are willing to take the risk that your account value may decrease if the underlying investment options perform poorly.
- You intend to remain in the variable annuity long enough to avoid paying any surrender charges.
- Your age makes a variable annuity less attractive.
- You could purchase some of the features of the annuity, such as long-term care insurance, more inexpensively.
- You have other investment vehicles available, such as IRAs and employer-sponsored 401(k) plans that also provide tax- deferred growth and other tax advantages. As a general rule, it may be more advantageous for you to make the maximum allowable contribution to your IRA or 401(k) plan before investing in a variable annuity. You are purchasing a variable annuity in your tax-advantaged plan (such as an IRA). In this case, you will receive no additional tax advantage from a variable annuity. Under these circumstances, a variable annuity may be suitable only if its other features, such as lifetime income payments or death benefit protection are important.
- You have a need for liquidity. Variable annuities cannot be sold quickly or inexpensively converted to cash.

Investors should consider the investment objectives, risks, charges, and expenses of the variable annuity carefully before investing. The prospectus contains this and other information about the variable annuity. Contact the issuing company or your financial professional to obtain a prospectus which should be read carefully before investing or sending money.

Variable Life Insurance
Variable life insurance is an insurance policy that, like traditional life insurance, offers a death benefit that represents the amount the life insurance company is obligated to pay upon the death of the insured. Unlike traditional life insurance, however, variable life insurance also has an investment element. Premium payments on a variable life insurance policy, after deducting sales expense charges, are placed into sub-accounts. The sub-account value is subject to market risk and can fluctuate in value based on the performance of the investments made. Generally, the insurance company guarantees the original face amount of the policy as a death benefit as long as premiums are timely made or the cash value in the account is sufficient to pay the premiums.

Typically, the main charges associated with a variable life insurance policy include front-end sales loads, back-end sales loads, administrative charges, cost of insurance, mortality and expense risk charges, all of which can vary significantly depending on the insured's personal circumstances, such as age, health, and the amount of the policy.

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There is a surrender charge imposed generally during the first five to seven years that you own the contract. Withdrawals prior to age 59½ may result in a 10% IRS tax penalty, in addition to any ordinary income tax. The guarantee of the contract is backed by the financial strength of the underlying insurance company. Investment sub-account value will fluctuate with changes in market conditions.

As with any investment, it is important to read the prospectus carefully before purchasing a variable life insurance policy and to understand the risks and costs involved in the product.

Other Investments
As your broker-dealer, our firm offers other investments in addition to those described above, each with its own cost structure. Your financial professional can explain these products to you and the costs involved in purchasing them.

UNDERSTANDING YOUR INVESTMENT RISKS

All investments carry some risk and it is always possible to lose most or the entire value of your investment when you invest in a securities product. Apply the same principles when making any investment—understand what you are purchasing and how much it will cost you. Below are some of the risk considerations in making investments.

Management Risk
The services we offer involve your representative developing and implementing an investment strategy with and for you. Developing and implementing a profitable investment strategy inherently involves making decisions about the future behavior of, among other things, the securities markets as a whole and the market for individual securities. Because there is no available methodology for accurately predicting future events over time, there can be no guarantee that you/your representative will be successful in developing a profitable investment strategy with and for you or in implementing a proposed strategy that was developed.

Market Risk
Your investment's principal value may fluctuate from day-to-day depending on a variety of factors. Global events, events in the United States or just a change in market psychology can affect how your investments perform. Fluctuations in investment values may be short-term and not indicative of long-term performance.

Company Risk
The value of any company's stock is affected by current expectations for how that company or other similar companies may perform, independent of market risk.

Interest Rate Risk
Bonds fluctuate depending on movements in interest rates. Generally, short-term bonds are less impacted by interest rate movements than long-term investments. Bond values tend to move inversely to interest rates (i.e., when interest rates go up, bond values go down).

Credit Risk
Common to bonds, the lower the credit worthiness of your investment, the higher its yield and risk in comparison to investments with a higher credit rating.

Liquidity Risk
Risk involved when some securities are not readily available to convert to cash.

Currency Risk
Certain investments in foreign securities, or in securities that invest in foreign investments, can be subject to fluctuations due to the value of the dollar compared to the currency of other nations.

Securities Risk
Some securities are prone to greater risk factors. Typically, low priced securities, newly issued securities, low-rated or un-rated fixed income securities, and securities for which there is no ready market and cannot be readily sold (such as limited partnerships) are considered more speculative in nature than the securities of more mature, seasoned companies and therefore carry a higher level of risk. Securities are available with all levels of risk and potential reward.

Margin Risk
Occasionally, you as an investor may use "margin" to purchase securities. Margin accounts are not appropriate for all investors and require a separate agreement. Using margin means that you open a margin account and borrow the funds from your broker-dealer

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to pay for all or part of an investment. When using margin, the client agrees to allow our firm to use the securities in the account as collateral for repayment of the loan amount and agrees to a specific interest rate for the loan. If the securities decline in value, so does the collateral supporting the loan, and the client must either add additional funds to the account or our firm may have to sell some of the securities in the account to maintain the equity in the account that is required by law or by our firm's in-house requirements. We can choose which securities in the account to sell to help cover a margin deficiency in whole or in-part. The client is responsible for any shortfall in the account after such a sale. We will usually contact a client before selling securities in the account to meet margin requirements but are not required to do so.

Therefore, the use of margin in an account can increase the impact on the client of a decline in the value of the client's securities. Before entering into any margin agreement, you should thoroughly discuss all of the risks and requirements with your financial professional.

Risk Tolerance and Diversification
Every investment you make can be affected by one or more of the risks noted above and/or other unknown risks. There is no escaping the fact that you always face a degree of risk when you invest. For that reason, it's important to consider your risk tolerance, investment timelines, including short and intermediate needs for money, and goals before making an investment decision.

Diversification is a basic principle of investing that helps balance potential returns against risk. Rather than putting all of your assets in one type of investment, you can diversify among several different types of investments with different characteristics.

Another way to reduce risk is to take a long-term approach to investing. This gives you the opportunity to ride out market fluctuations and realize potential market returns over a period of time. Your financial professional can help you determine your risk tolerance, timeline and goals and work with you to develop a personal investment plan that makes the most sense for you.

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