Cetera® FINANCIAL SPECIALISTS LLC Member FINRA/SIPC

IMPORTANT INFORMATION REGARDING YOUR RELATIONSHIP WITH US

JULY 2026

Dear Valued Client:

Thank you for your business. We appreciate our relationship with you and want to help you understand the services we and/or our affiliates provide, how we are compensated, and the product and service alternatives that are available to you as part of your relationship with us. We would also like to provide you with information regarding conflicts of interest that exist between you, our firm, and our affiliated Financial Professionals when we provide advice and services to you. When we use the terms "Us," "Our," or "We" in this document, they refer to Cetera Financial Specialists LLC, our affiliated companies as a group, and includes our individual Financial Professionals. If that is not the case or the context otherwise requires, we will say so.

At or prior to the time when you receive this document, we will have also provided you with a document entitled "Form CRS." The Form CRS includes important information about Cetera Financial Specialists and the services we provide, and is intended to be read and understood in conjunction with the information set forth below. All of this information is also available on our website at https://cetera.com/cetera-financial-specialists/disclosures. If you have questions about your account or how we can further assist you, please contact your Financial Professional or supervisionteam@ceterafs.com.

1. INTRODUCTION

We provide securities brokerage, investment advice for a fee, and insurance services to you through one or more of our affiliated companies. We offer these services through individuals whom we refer to as "Financial Professionals." Your Financial Professional is licensed with us to provide services through one or more of our affiliates. (Please see the list of our affiliated companies below.) Some of our affiliated companies offer products or services that others do not. Our broker-dealers are all members of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corp. (SIPC).

Our affiliated broker-dealers are: Cetera Wealth Services, LLC; Cetera Investment Services LLC; and Cetera Advisors LLC.

Our affiliated retail registered investment advisers are: Cetera Investment Advisers, LLC, The Retirement Planning Group, and Avantax Planning Partners.

Our affiliated insurance agencies are: Cetera Wealth Services, LLC; Cetera Advisors, LLC; Cetera Investment Services, LLC; NFG Brokerage, LLC; Cetera Insurance Agency, LLC; Cetera Advisor Networks Insurance Services, LLC; and Cetera Advisors Insurance Services, LLC.

We have delivered a document entitled "Form CRS: Customer Relationship Summary" to you, referred to as "Form CRS," either with this disclosure or separately. The Form CRS describes the services that we offer to customers through Financial Professionals who are affiliated with us. Each Financial Professional offers a combination of services, including securities brokerage or investment advisory services, and in most cases both. Depending on the nature of the services we deliver to you, those services will be provided through one or more of our affiliated companies that are listed above. For example, if you maintain a brokerage account, it will be with Cetera Financial Specialists and our clearing broker, Pershing LLC (Pershing If you maintain an investment advisory account, it will be with one of our registered investment advisers (RIA) affiliates listed above. If you establish an advisory account with us or one of our RIA affiliates, RIA will furnish you with a Form ADV for that firm, which will describe the services it provides, the compensation we receive, and the relationship between your Financial Professional and the RIA. For more information about our investment advisory services, please see the Form ADV for Cetera Financial Specialists at https://cetera.com/cetera-financial-specialists/disclosures.

The majority of our Financial Professionals who provide investment-related services to customers are independent contractors and are not our employees. They are subject to our supervision and oversight with respect to their securities business, but many of them are also engaged in other business activities that we do not supervise, including sales of products or services that are not securities, through companies that are not related to us. We do not share in the revenue that they produce from those activities, and we do not review or endorse the products or services that they offer through them. Our Financial Professionals, who are independent contractors, offer securities brokerage and investment advisory services and receive compensation from us as described in more detail below. They pay their own operating expenses, including the cost of hiring support staff and office space.

Most of our Financial Professionals are licensed to provide both securities brokerage and investment advisory services. Some of them are licensed to offer only brokerage or only investment advisory services and some are licensed to sell only specific investment products.

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If there are limitations on the products or services that your Financial Professional offers through us or through an outside registered investment adviser (ORIA), he or she will give you additional information about those limitations and how they could affect you.

Some of our Financial Professionals work in the offices of financial institutions such as banks or credit unions (Financial Institutions). In those cases, part of the compensation that you pay us for providing securities brokerage, investment advisory, or other services is paid to the Financial Institution at which your Financial Professional is located, based on a compensation formula agreed to between us, the Financial Professional, and the Financial Institution. The Financial Institution in turn either pays a portion of this compensation to your Financial Professional, or we pay a portion of the compensation attributable to the product or service provided directly to your Financial Professional. We have different financial and operational arrangements with each Financial Institution. Some offer different investment products and services than others, and each Financial Institution receives different types and amounts of compensation from us in connection with your accounts and the activity that takes place within them. In many cases, the amount that you pay us for investment products and services when we have an arrangement with a Financial Institution will be higher than you would pay if you established an investment or investment advisory account directly with us or another broker-dealer, investment adviser, or Financial Institution. If your Financial Professional operates in or is affiliated with a Financial Institution and you would like additional information about the relationship between your Financial Professional, the Financial Institution, and us, please ask your Financial Professional.

2. SERVICES THAT WE PROVIDE

We offer securities brokerage services, investment advisory services for a fee, and sales of certain non-securities investment products such as life insurance and fixed annuities.

2.1 Securities Brokerage Services

Securities brokerage involves purchases and sales of securities such as stocks, bonds and fixed income investments, mutual funds, and alternative investments such as private investment funds, non-traded real estate investment trusts (non-traded REITs), and non- traded business development companies (non-traded BDCs). We will recommend purchases or sales of securities to you for your approval, but all decisions regarding transactions in your account are made by you. If you choose to execute a transaction, we will be paid a fee or sales charge in connection with the transaction, often referred to as a commission. We also receive other types of ongoing compensation for so long as you own certain investment products. For example, we receive ongoing payments referred to as "12b-1" fees with respect to mutual funds, and "trail commissions" with respect to variable annuities and certain insurance products. For a more complete description of our compensation in connection with transactions in various types of investments, please see section 3, below.

Some customers wish to give their Financial Professional authority to execute transactions without consulting the customer. This is referred to as "exercising discretion" or having "discretionary authority". We do not offer this service in connection with brokerage relationships. If you would like to give your Financial Professional authority to exercise discretion and execute transactions on your behalf without your approval for each transaction, you must enter into an investment advisory relationship with a RIA or an ORIA that your Financial Professional is affiliated with.

When we execute transactions for you in a brokerage account, we follow the instructions that you give us. We will offer recommendations about securities that you may wish to purchase or sell. You may also select securities on your own and execute those transactions through us. You will pay us sales charges or commissions for all transactions that you execute through us, whether we recommend them or you choose them yourself. We do not offer ongoing monitoring or advice with respect to transactions or investments in your brokerage account. If you would like us to monitor your investment holdings or provide ongoing advice with respect to them, you must establish an investment advisory relationship with a RIA or ORIA. If you purchase or hold mutual fund shares, we receive 12b-1 fees or other ongoing compensation in connection with them. 12b-1 fees are paid to us by sponsors of mutual funds, and are intended to finance distribution activities and result in the sale of additional shares of the mutual fund. 12b-1 fees and other compensation paid to us by mutual fund sponsors are not compensation to us for providing ongoing advice or monitoring in connection with any investment that you own.

2.2 Brokerage Accounts and Direct Holdings of Investments

In order to purchase stocks or Exchange-Traded Products which include exchange-traded funds (ETPs) and most fixed income investments such as bonds and structured products or notes, you must establish a securities brokerage account with us. Certain investments, including mutual funds, annuities, and alternative investments, may also be held on your behalf by the product sponsor or one of their affiliates. These investments are referred to as "direct" or "directly held" on your behalf, and are not in a brokerage account.

You will incur certain charges in connection with maintaining a brokerage account, depending on the assets in the account and the services that you utilize. (Please see section 3, below). For example, we and/or Pershing charge annual maintenance fees, and have

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charges for preparation and delivery of transaction confirmations and account statements, wire transfers, and copies of documents. Investment sponsors do not generally charge account-related fees for custody of investments such as mutual funds, variable annuities or alternative investments that are directly held. Depending on the securities you own and the services you use, the cost of having your investments held directly at a product sponsor will likely be lower than holding the same assets in a brokerage account. There are advantages for customers in holding investments in brokerage accounts, including insurance coverage from the Securities Investor Protection Corp., (SIPC), ease of executing transactions, and receiving reports aggregating all of the transaction activity and holdings of multiple investments from a single source. Please consult with your Financial Professional about the costs, advantages, and disadvantages of holding securities in a brokerage account in comparison to direct holdings.

2.3 Investment Advisory Services

We also offer investment advisory services in which we give you advice and/or manage your portfolio of securities in exchange for a fee that is based upon the value of the assets under management, a fixed or hourly fee, or a combination of both. Investment advisory services includes, among other things, financial planning, for which we charge a fixed or hourly fee. We offer several different types of investment advisory programs. In some of them, your Financial Professional will give you advice and execute transactions based on his or her own methodology. In other cases, your Financial Professional can recommend that you utilize the services of another investment manager (a "third-party asset manager" or "TPAM") to select or manage some or all your investments. If you choose to utilize the services of a TPAM, you will pay for their services in addition to ours. All of our advisory programs have minimum investment amount requirements. In our sole discretion, we can waive the minimum investment requirement.

2.4 Insurance Products and Services

We also offer insurance products such as life insurance and fixed annuities. Some insurance products such as variable annuities and variable life insurance are also considered to be securities and are sold through Cetera Financial Specialists. Fixed insurance, including whole life, term life, and fixed-indexed and equity-indexed annuities that are not securities are sold through Cetera Financial Specialists or one of our affiliated insurance agencies. When you purchase fixed insurance products through us, we receive sales charges or commission payments from the insurance carrier that issued the policy. In most cases, we also receive ongoing payments from the insurance company for as long as the policy stays in force. Some of our Financial Professionals also offer insurance products through other agencies or companies that are not affiliated with us. We do not review or supervise the insurance products they offer through other companies or share in the revenue that they produce from those transactions. In some cases, the cost and/or compensation payable to your Financial Professional will be greater if you purchase a fixed insurance product through a company other than us.

If you would like additional information regarding fixed insurance products, please consult with your Financial Professional.

3. SCOPE AND TERMS OF OUR RELATIONSHIP WITH YOU

We are registered with the Securities and Exchange Commission (SEC) and FINRA as a broker-dealer and an RIA. Investment advisory services are offered separately through one of our affiliated RIAs or through an ORIA which is registered separately with the SEC. These brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available for you to research firms and Financial Professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

Depending on your needs and your investment objectives, we may assist you with brokerage services, investment advisory services, or both. There are important differences between brokerage and advisory services, including their costs, services, and the rules that govern each. You should carefully consider these differences when deciding which type, or combination of types of services and accounts are right for you. Information regarding the differences between our brokerage and advisory services is also available in our Form CRS, which is available at https://cetera.com/cetera-financial-specialists/disclosures.

3.1 Our Capacity

All recommendations made by your Financial Professional regarding your brokerage account or directly-held investments will be made in our capacity as a broker-dealer, and, as applicable, Financial Professional's recommendations made in connection with our advisory programs will be made in RIA's capacity as an investment adviser. If a Financial Professional is limited to making recommendations in either a broker-dealer capacity or investment advisory capacity only, they will provide you with a written summary before making a recommendation to you. For example, we offer both brokerage and advisory services, some of our Financial Professionals are only able to offer brokerage services with respect to certain types of investments such as mutual funds and variable insurance products, or only investment advisory services. In that situation, your Financial Professional would only be able to act in the capacity for which they are licensed or otherwise qualified.

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3.1.1 Broker-Dealer Capacity

In our capacity as a broker-dealer, we can recommend and effect securities transactions for you, including buying and selling securities (including investment funds and other products) that can be held in your brokerage account or directly with an investment sponsor. We offer many different options of account types for your brokerage account, including accounts held at Pershing, our clearing firms, direct accounts, education accounts (often referred to as "Section 529 Plans"), Individual Retirement Accounts (IRAs), and certain specialty accounts such as margin and option accounts. In some cases, the custodian of your IRA account will not be the same entity as the trustee.

We provide a number of services related to investments in securities, including taking customer orders, executing securities transactions, and providing general information regarding your investments. Our Financial Professionals can also provide recommendations concerning whether to buy, sell, or hold securities. Our Broker-Dealer Financial Professionals do not make investment decisions for you or manage your brokerage account on a discretionary basis. Because our Financial Professionals do not have discretionary investment authority in brokerage accounts, this means that we cannot buy or sell investments in your brokerage account without first obtaining your consent. Our Broker-Dealer Financial Professionals can recommend investments to you, but you are responsible for making the decision about whether to purchase or sell investments, and we will only purchase or sell investments when specifically directed by you. Our Financial Professionals do not monitor your account after a securities transaction is affected for you, including those investments they recommend to you.

As a broker-dealer, we are subject to the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended, the rules of self-regulatory organizations such as FINRA, and applicable state laws.

With respect to purchases and sales of equity securities such as common and preferred stocks, we execute transactions for you as your agent. We do not hold an inventory of equity securities for purchase by or from our customers. Pershing acts as "market-maker" for certain equity securities such as common stocks, and if you place an order to purchase or sell one of them, Pershing can purchase or sell it to you as a "principal," which means that they are buying or selling it to you from their own inventory. If Pershing acts as a principal with respect to a transaction in your brokerage account, they will notify you.

With respect to most transactions in fixed-income investments such as bonds and notes, we execute transactions for you as a principal. This means that instead of acting exclusively as your agent in executing a transaction on an exchange or through a dealer and receiving a sales charge or commission, we purchase or sell the investment directly to you or from you. If we purchase an investment for you as a principal, we purchase it from a third party and then sell it to you, for which you will pay us a fee called a "markup", which is added to the price that you pay us to purchase the investment. If you sell a fixed income investment, you will pay us a fee called a "markdown", which is subtracted from the proceeds of the sale. Markups and markdowns are compensation to us for executing principal transactions. There can be other charges and fees associated with a transaction in addition to the markup or markdown. In most cases, we act as a "riskless" principal. As a riskless principal, we buy or sell investments directly to or from you, but we do not generally maintain an inventory of securities for sale or in anticipation of selling them to customers. If you give us an order to purchase or sell a security, we purchase or sell it from a third party and apply a markup or markdown.

3.1.2 Investment Adviser Capacity

As an investment adviser, RIA provides investment advice to you for a fee, including advice with respect to particular investments, as well as "wrap-fee" and other investment advisory programs. RIA also places orders for you as an investment adviser through a brokerage account with us or through a brokerage account at another broker-dealer. When RIA acts in its capacity as an investment adviser, it will generally do so pursuant to a written agreement with you that sets forth the terms of the investment advisory relationship and our obligations to you.

At the outset of your investment advisory relationship with RIA, you will receive a disclosure document that describes RIA's investment advisory services and includes important information about, among other things, fees, personnel, other business activities, and conflicts of interest. If advisory services are offered through a Cetera RIA, then important information about our investment advisory services, fees and costs, and conflicts of interest is available in our Form ADV, Part 2A brochure, which is available at https://cetera.com/cetera-financial-specialists/disclosures.

If advisory services are offered through a separate RIA, then important information about that separate RIA's investment advisory services, fees and costs, and conflict(s) of interest is available in the separate RIA's ADV, Part 2A brochure, which is available from your Financial Professional.

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3.1.3 Brokerage Services

Our Financial Professionals can recommend and we can effect securities transactions for you, including the buying and selling of securities in brokerage accounts, directly held accounts, education accounts, IRA accounts, or margin and option accounts. Our brokerage services include recommendations concerning whether to buy, sell, or hold securities. Our services also include recommendations of investment strategies involving securities, which includes recommendations of account types, investment strategies, and rollovers or transfers of assets, such as rolling over workplace retirement plan assets into an IRA account. In addition, our brokerage services include certain margin account services, where you are extended credit (a loan) for the purpose of buying securities.

3.2 Our Investment Philosophy

The majority of our customers are middle-income to high-income individuals who are primarily seeking to invest to increase their financial resources, meet retirement, education, and other similar funding goals, and to invest for legacy purposes. We offer a wide range of investment products and investment strategies that we believe best match the profile of our customer base. We offer securities brokerage and investment advisory service to institutional investors, but they represent a small portion of our overall client base.

We have an obligation to act in your best interest when making recommendations with respect to investments and investment strategies involving securities. We require our Financial Professionals to have a reasonable basis, taking into account the potential risks, rewards, and costs associated with an investment recommendation, to believe that the recommendation made to a customer is in their best interest and does not place the interest of the broker-dealer or the Financial Professional ahead of the interest of the customer at the time the recommendation is made. In determining whether a recommendation is in the customer's best interest, we consider the customer's individual investment profile, which includes but is not limited to their age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and other information that they disclose to us.

3.3 Material Limitations

Given the wide range of our brokerage services, we do not have many material limitations on the type and scope of our services. For instance, we do not limit our investment offerings to specific asset classes or to a select group of issuers, nor do we offer any investments issued, sponsored, or managed by us or our affiliates. Notwithstanding the wide range of our brokerage services, there are certain material limitations on our services and the services of our Financial Professionals, including the following:

Financial Professional Limitations: Not all of our Financial Professionals can offer the full range of investments and services that we offer. For instance, some of our Financial Professionals are licensed to offer brokerage services only, whereas others are licensed to also offer investment advisory services through RIA. In addition, some of our Financial Professionals are licensed to offer only certain types of investments, such as mutual funds, and are unable to offer the full range of investments that we make available. If your Financial Professional is subject to any such limitations, they will inform you prior to the time when they make an initial investment recommendation to you. This is a material limitation on the securities or investment strategies that your Financial Professional can recommend to you, and you should discuss the impact that it may have on your relationship with your Financial Professional. In addition, you may research both us and your Financial Professional's experience and licenses on FINRA's BrokerCheck website at https://brokercheck.finra.org/.

- *Investment Limitations:* While we offer a wide range of investments, there are certain types of investments we do not offer. For example, we do not offer all mutual funds from every mutual fund company issuer or every type of ETP. We also do not offer every type of insurance product or education savings plan. This means that our Financial Professionals are limited to recommending only those investments that we have chosen to offer. This is a material limitation on the securities or investment strategies that our Financial Professionals can recommend to you.

- *Account Monitoring:* Our Financial Professionals do not monitor your brokerage or direct account after effecting a securities transaction for you, including those investments that our Financial Professionals recommend, unless you specifically request that we do so and we agree in writing to provide such monitoring. RIA only offers ongoing monitoring of your investments if you enter into an investment advisory arrangement.

- *Discretionary Investment Authority:* Our Broker-Dealer Financial Professionals do not make investment decisions for you or manage your brokerage account on a discretionary basis. Because our Broker-Dealer Financial Professionals do not have discretionary investment authority, this means that we cannot buy or sell investments in your account without first obtaining your consent. Our Broker-Dealer Financial Professionals can recommend investments to you, but you are responsible for making the decision whether to purchase or sell investments, and we will only do so when specifically directed by you.

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- *Commissions and Fees:* We are a full-service brokerage firm, and not a "discount" firm. Many discount brokerage firms offer lower fees than we do for providing similar services. Fees and charges for our services are described below, and we have a standard schedule for commissions payable in connection with transactions in securities traded on exchanges and fixed income securities traded over-the counter. Most of our fees and charges are not negotiable, although in some instances Financial Professionals may offer discounts off of published rates for transactions in securities traded on exchanges and fixed income securities traded over-the counter.

3.4 Fees and Costs

This section provides information about the material fees and costs associated with your account, transactions, and holdings. Because our fees vary depending on the specific transaction or service provided, the information below first describes the fees and costs associated with your account, and then the fees and costs associated with transactions and investment holdings that our Financial Professionals can recommend.

Fees and Costs Associated with An Account

You must first open an account with us to use our brokerage services. We offer an array of account types with different features and benefits that are intended to address different needs and objectives of our retail customers. When opening an account with us, you may choose between many different options or account types for your brokerage account, including accounts held with Pershing, directly held accounts, education savings accounts, retirement accounts, and certain specialty accounts such as margin and option accounts.

Depending on the type of account you open, you will pay certain fees and costs associated with both your account and your investment holdings. Unlike the transaction-based fees described below, fees associated with your account and holdings are typically paid annually whether or not any transactions have occurred, although some account-based fees are associated with specific transactions or activity. In some cases, the fees and costs associated with your account and holdings are billed for services by third-parties such as Pershing or other custodial firms, and in some cases we "mark up", or increase those fees before they are charged to you. These markups are additional revenue to us whether we provide the service or it is provided by a third party.

Highlighted below are the material fees and costs associated with your account:

- *Account Maintenance Fees:* We and/or Pershing generally charge you an annual account maintenance fee for maintaining your brokerage account with us. This fee compensates us for certain services that we provide to your brokerage account and reimburses us for certain operational expenses that we incur in maintaining your account.

- *Account Transfer Fees:* If you transfer your brokerage account to another broker-dealer, we generally charge you a one-time account transfer fee to reimburse us for the costs associated with the transfer. The account transfer fee includes fees associated with the Automated Customer Account Transfer System, commonly referred to as the "ACAT" fee. This fee is paid when you initiate the transfer of your account to another broker-dealer.

- *Account Termination Fees:* We generally charge you a one-time account termination fee to reimburse us for the costs associated with terminating your account with us. This fee is paid when you terminate your account relationship with us.

- *Margin Fees:* We charge fees for our margin services, where Pershing extends credit (a loan) to you for the purpose of buying securities. Margin fees, which are typically the interest associated with the margin loan, compensate Pershing and us for the cost and risk of lending money to you. Margin fees are shared between us and Pershing. Current rates applicable to margin accounts can be reviewed at https://cetera.com/cetera-financial-specialists/disclosures.

- *Wire Transfer Fees:* We generally charge you a one-time fee to wire cash from your account to another account held outside of our firm. The wire transfer fee is typically $25.00, but may be more for certain international wire transfers.

More Information

The following is a summary of selected fees that you will pay in connection with maintaining a brokerage account. It does not include all applicable fees. More information about the fees and costs associated with your account is available in our schedule of fees and costs for brokerage accounts, which can be viewed at https://cetera.com/cetera-financial-specialists/disclosures.

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3.4.1 Summary of Account-Related Fees - Pershing Accounts

Type of Fee	Fee Amount/Range & Frequency
Service Charge (confirm processing & handling)	$4.95 per transaction
Trade Correction ($20 cancel/$20 rebill)	$40 per event
Redemptions – Fixed Income	$5 per transaction
Redemptions – Unit Investment Trusts, Others	$20 per transaction
Redemptions – Physical Cert. (including T-Bills)	$20 per certificate
Unrelated Business Taxable Income (UBTI) Filing	$200 per tax return
Paper Subscription Fee	$3 per month
Alternative Investment Annual Maintenance Fee – Registered, per holding	$35 per year
Alternative Investment Annual Maintenance Fee – Unregistered, per holding	$125 per year
Inactive Account Annual Fee	$50 per year
Safekeeping – Foreign Securities	$1.67 security/month

Type of Fee	Fee Amount/Range & Frequency
Margin Extension	$2 per event
Wire Requests	$25 per event
Loan Processing	$50 per event
Insufficient Funds	$20 per event
Returned Checks	$20 per event
Stop Payment on Check	$20 per event
ACH Return	$20 per event
Overnight Check Delivery	$12 per event
Overnight Check Delivery – Foreign	$25 per event
Full Outgoing Account Transfers	$160 per transfer
Foreign Security Transfer	$75 per security per transfer
Accommodation Transfer	$20 per transfer
Euroclear Transfers	$50 per transfer
Direct Registration System (DRS) Transfer	$10 per transfer
Legal Transfer of Physical Security	$75 per physical cert.
Inactive Mutual Fund-Only Account Annual Fee	$12.50 per year
Safekeeping – Domestic Securities	$2 security/month
Non-US Account Fee	$50 per year

Retirement Account Annual Maintenance	
Individual Retirement Account (IRA) – Traditional, Roth, SEP, Educational	$55 per year
Mutual Fund-Only IRA	$10 per year
Qualified Retirement Plan – 401(k), Individual(k), Simple IRAs, 403(b), Profit Sharing, Money Purchase, SARSEP, Prototype SEP, Target Benefit	$50 per year
Flex 401(k), Profit Sharing, Money Purchase Plan	$125 per year
Retirement Account Termination Fee	$120 per year

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3.4.2 Fees and Costs Associated with Transactions and Holdings

We are generally paid a fee each time you execute a transaction or make a new investment. This payment is typically called a "commission," but it may also be called a "sales charge" or a "markup" or "markdown". In a very limited set of circumstances you may be eligible to purchase or sell mutual fund shares without paying a sales charge or commission. (Please see the discussion of Exchange Privileges in section 4.1, below.) More information about commission payments, including the commission schedules we use, is available at https://cetera.com/cetera-financial-specialists/disclosures.

In addition, investment funds such as mutual funds and UITs, or products such as education savings plans and variable insurance products, bear ongoing fees and expenses that are embedded into the cost of the investment holding. You pay these ongoing fees and expenses indirectly because they are factored into the cost of the investment. More information about ongoing fees and expenses associated with investment funds and variable insurance products is available in the fund or product prospectus. Fees and costs vary among investments, and the following is intended to be a summary of fee and cost information regarding the types of transactions and investment holdings generally purchased or traded by our retail customers. Where applicable, we have included certain hypothetical transactions as examples and sample fee tables for illustrative purposes. Please note that fees and costs associated with your specific transaction may differ from these hypothetical examples or samples. You can obtain more information about the specific costs and fees associated with any investment that you are considering by reviewing the prospectus or other offering materials or by asking your Financial Professional.

3.5 Choice of an Account Type

As discussed above, we offer securities brokerage and investment advisory services. There are a number of substantive differences, including the nature of the services provided, how we are compensated, and the legal standards that are applicable to our relationship with you. Most of our Financial professionals offer both types of services. The choice of a brokerage or investment advisory account depends on several factors, including the amount and complexity of the investments that you own, the frequency with which you intend to purchase and sell investments, whether or not you wish to have your financial professional monitor your investment holdings on a regular basis, and whether you wish to give discretionary authority of your Financial Professionals. Many of our customers maintain both brokerage and investment advisory accounts with us, which can offer advantages depending on your individual circumstances.

There are a number of factors that you should consider before deciding on which type of account(s) are best for you. For a summary of these factors, please review "The Big Picture: Commission Base vs. Fee Based Accounts" at https://cetera.com/cetera-financial-specialists/disclosures.

4. INVESTMENT PRODUCTS THAT WE OFFER

We offer a wide range of investment products from many sponsors. The following is intended to be a brief summary of the characteristics of certain investments that we offer and should not be used as a substitute for the prospectus or other offering document for any investment that you are considering. We encourage you to discuss all of the factors of any investment you are considering with your Financial Professional, and to carefully review the terms and characteristics before making an investment.

4.1 Mutual Funds

Characteristics of Mutual Funds

We offer a large number of mutual funds sponsored by many different mutual fund companies. Mutual funds are registered investment companies that issue redeemable securities. Shares are offered by the sponsor on a continuous basis, and there is no secondary trading market for mutual fund shares. Mutual funds are required to sell and redeem their shares to and from the public at the fund's net asset value (NAV) per share plus any applicable sales charge or load. The fund's NAV is calculated by dividing the total value of all the fund's assets, minus any liabilities such as ongoing fees and expenses (described below), by the number of shares outstanding.

All investors should read the mutual fund prospectus carefully before investing. Each mutual fund prospectus contains important information that will help you make an informed decision about an investment in the fund. In deciding whether to invest, you should consider several different factors, including the mutual fund's past performance, relative risk, investment objective(s), investment strategies and risks, the investment adviser responsible for the management of the mutual fund's assets, and the fees and expenses associated with an investment in a particular mutual fund. While past performance of a mutual fund is not indicative of future results, a mutual fund's long-term performance record and portfolio manager's experience and qualifications may be important factors in deciding whether to invest in a mutual fund.

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Fees and Costs of Mutual Funds

You will usually pay a sales charge or load when you buy shares in a mutual fund, although most mutual funds offer programs under which you may be able to pay a reduced sales charge or no sales charge in connection with purchase of specific funds. (Please see the discussion of Breakpoints and other sales charge reduction programs below.) We receive a portion of the sales charge for our efforts and the efforts of our Financial Professionals in selling shares of the mutual fund. Most mutual funds utilize multiple share classes, with differing fees and expenses attributable to each. Though there are many different types of share classes, the most common share classes available to individual investors are Classes A, C, and R. Because each share class has different fees and costs, fund investment performance results will differ as those fees and expenses reduce investment return or performance across different share classes. You should also note that the amount of time you expect to hold your investment in a mutual fund may play an important role in determining which share class is most appropriate for you, and you should discuss this consideration with your Financial Professional.

In addition to sales charges, we receive other payments from mutual fund sponsors. These are referred to as "revenue-sharing" payments, and are described in section 9, below.

Fees and Costs – Share Class Distinctions

While there are no standard definitions for share classes and each mutual fund defines the share classes it offers in its prospectus, these are some basic descriptions of the most common share classes available to you:

- Class A – This share class usually carries a front-end sales charge, which is typically assessed as a percentage of your investment. This means that a sales charge is deducted from your investment each time you purchase shares in the mutual fund. Class A shares also typically have ongoing fees and expenses such as 12b-1 fees, which are intended to finance distribution activities and result in the sale of additional shares of the mutual fund. Despite these ongoing fees and expenses, Class A shares typically have lower annual operating expenses compared to the other share classes of the same mutual fund that may be available to you. This means that ongoing costs will typically be lower than ongoing costs associated with other share classes of the same mutual fund. Other share classes often have lower upfront or deferred sales charges, and you should consider how sales charges and ongoing expenses applicable to different share classes will impact your investment over time. Many mutual funds offer breakpoint discounts for large investments in Class A shares, which means that the front-end sales charge decreases as the dollar amount of the investment increases. (Please see the discussion of breakpoints and other sales charge discounts below.) The breakpoints applicable to each fund are described in the fund's prospectus.

  For example, if you purchase $10,000 of Class A shares of a mutual fund that assesses a 4.0%% front-end sales charge on your investment, you will pay a $400 front-end sales charge and the remaining $9,600 of your investment will be used to purchase shares of the mutual fund.

- Class C – This share class is characterized by a level asset-based sales charge that you pay annually as a percentage of your holdings in the mutual fund. It does not have a front-end sales charge like Class A shares, but does have a contingent deferred sales charge (also known as a "CDSC") that will be assessed under certain circumstances. This means that you pay a sales charge when you sell your mutual fund shares. The amount of the CDSC is typically assessed as a percentage of your investment at the time of the liquidation. It declines over time and often eventually is eliminated if you hold your shares for a specified time. Class C shares usually eliminate the CDSC after one year, but you should consult the prospectus for any fund that you are considering to determine the CDSC and other charges. In comparison to Class A shares, Class C shares typically have higher annual operating expenses, so you should consider the period of time that you intend to hold fund shares before choosing a share class. In general, if you intend to hold the fund shares for less than 4 years, the total expenses that you will pay (combining sales charges and operating expenses) in connection with Class C shares will be lower than Class A shares.

  For example, if you purchase $10,000 of Class C shares of a mutual fund with a 1% asset-based sales charge, you will not pay a front-end sales charge or a CDSC, so the entire $10,000 investment will be used to purchase shares of the mutual fund. However, each year, your investment will be charged the 1% asset-based charge, so your initial $10,000 investment will be reduced to $9,900 after the first year as a result of the asset-based sales charge, assuming no price appreciation or depreciation of the shares in that one-year period. If you choose to sell Class C shares in less than 13 months from the date of the purchase, you will generally pay 1% of the value of your fund shareholdings as a CDSC at the time of liquidation. On a $10,000 investment, you would pay a CDSC of $100 if you sell your shares within 13 months and five years from the date of purchase assuming no price appreciation or depreciation of the shares in that period.

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- Class R – This share class is available to retirement investors purchasing shares in a mutual fund through employer-sponsored retirement plans such as Section 401(k), 403(b), and similar plans. Class R shares do not have a front-end sales charge or CDSC like Class A or Class C shares, but Class R shares do have ongoing fees and expenses such as 12b-1 fees intended to finance the distribution activities related to sales of the fund shares. These fees and expenses are deducted from your assets on an ongoing basis.

  For example, if you purchase $10,000 of Class R shares of a mutual fund through your employer-sponsored retirement plan, you will not pay a front-end sales charge or a CDSC, so the entire $10,000 investment will be used to purchase shares of the fund at the time of purchase. However, certain ongoing fees and expenses, such as 12b-1 fees, will be deducted from your investment. If the ongoing fees and expenses are 0.25% per year, your $10,000 investment will be reduced to $9,975 after the first year as a result of the ongoing fees and expenses assuming no price appreciation or depreciation of the shares in that one-year period.

Fees and Costs – Sales Charge Reductions and Breakpoints

It may make sense for you to own mutual funds from different mutual fund companies, but it also may increase the total sales charges that you pay to purchase those mutual funds. Mutual fund companies often offer discounts or reduced sales charges based on the total amount you invest with the mutual fund company. For example, if you purchase $50,000 of Class A shares in a fund or group of funds sponsored by a mutual fund company, you may pay an upfront sales charge of 4.5% of your investment. If you purchase $250,000 of the same fund or group of funds, you may pay a sales charge of 3.0% of the amount invested. The investment levels needed to receive the benefit of these discounts are known as "breakpoints." Each fund has its own schedule of breakpoints, and mutual fund sponsors typically allow you to combine all your holdings of mutual funds that they sponsor and with those of immediate family members to reach breakpoints.

There are other ways that you can get the advantage of breakpoints, including:

- *Rights of Accumulation:* This feature allows you to combine your mutual fund purchase with your existing investment in the mutual fund company to reach a breakpoint.

- *Letters of Intent:* You can take advantage of breakpoints by agreeing to purchase a certain dollar amount in a mutual fund over a specified period of time. In most instances, this requires signing a Letter of Intent (LOI).

- *Exchange Privileges:* In addition to breakpoints, most mutual fund sponsors offer programs that allow investors to sell or liquidate their fund holdings and use the proceeds to purchase shares of another fund managed by the same sponsor without paying an additional sales charge. These programs are often referred to as "exchange privileges", and may give you the ability to make multiple purchases and sales of fund shares from the same fund sponsor without paying additional sales charges. Please consult the prospectus to see the terms of any exchange program offered by the fund sponsor, including whether they apply to your unique circumstances, and discuss your options with your Financial Professional.

The prospectus of every mutual fund describes its breakpoint policies, including how you can reach breakpoints. You can request a copy of a mutual fund's prospectus from your Financial Professional.

Fees and Costs – Ongoing Fees and Expenses

In addition to the 12b-1 fees mentioned above, mutual funds typically also deduct other ongoing fees and expenses from fund assets, including management and servicing fees. These ongoing fees and expenses are typically used to pay for the mutual fund's operating expenses (ongoing fees are sometimes referred to as the mutual fund's "expense ratio"), such as paying the mutual fund's investment manager, accounting and auditing, legal, and recordkeeping expenses. In addition, as noted above, the ongoing fees and expenses include 12b-1 fees, which are intended to finance distribution activities and result in the sale of additional shares of the mutual fund, and include marketing and advertising expenses.

These ongoing fees and expenses are typically charged daily by the fund as a percentage of your assets. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis. The following chart summarizes certain categories of expenses that you will usually pay in connection with purchases and ownership of mutual fund shares, and compares several mutual funds we currently offer. It is intended to illustrate the fact that different funds have different fees and expenses, and is not intended to be a complete summary of all expenses that you will pay in connection with mutual fund ownership. For more information, please review the prospectus for any funds you are considering purchasing.

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Mutual Fund Share Class	Front-End Sales Charge	Back-End Sales Charge (CDSC)	Asset-Based Sales Charge	Expense Ratio
Fund A (Large Capitalization Equity Fund)				
Class A Shares	5.75%*	N/A	0.25%	0.56%
Class C Shares	N/A	1% if less than 1 year	1%	1.31%
Class R Shares	N/A	N/A	1%	1.35%
Fund B (State Municipal Bond Fund)				
Class A Shares	3.75%**	N/A	0.25%	0.90%
Class C Shares	N/A	1% if less than 1 year	0.65%	1.30%
Class R Shares	N/A	N/A	N/A	0.62%
Fund C (International Bond Fund)				
Class A Shares	5.5%***	N/A	0.25%	1.24%
Class C Shares	N/A	1% if less than 1 year	1%	1.99% (96 months) 1.24% (>96 months)
Class R Shares	N/A	N/A	0.50%	1.49%
Fund D (Global Real Estate Fund)				
Class A Shares	5.75%***	N/A	0.25%	1.17%
Class C Shares	N/A	1% if less than 1 year	1%	1.92% (120 months) 1.17% (>120 months)
Class R Shares	N/A	N/A	1%	1.92%
Fund E (Global Technology Fund)				
Class A Shares	5.75%***	N/A	0.25%	1.08%
Class C Shares	N/A	1% if less than 1 year	1%	1.83% (96 months) 1.08% (>96 months)
Class R Shares	N/A	N/A	0.50%	1.33%

* On purchases from $0 – $25,000. Sales charges as a percentage of purchase amount decline as purchase amount increases.
** On purchases from $0 – $100,000. Sales charges as a percentage of purchase amount decline as purchase amount increases.
*** On purchases from $0 – $50,000. Sales charges as a percentage of purchase amount decline as purchase amount increases.

More Information

Marketing representatives of mutual fund sponsors, often referred to as "wholesalers," work with our Financial Professionals to promote sales of their products. Sponsor companies and their wholesalers may pay for or provide training and education programs for our Financial Professionals, and may also provide small gifts or business entertainment, cover expenses for attending business meetings that they sponsor, and may provide financial assistance to Financial Professionals for their marketing events and activities. You do not pay these marketing expenses directly. However, the marketing expenses are built into the cost of the mutual fund, so you indirectly pay for the cost of the marketing expenses sponsored by the sponsor and their wholesalers.

More information on a mutual fund's sales charges, ongoing fees and expenses, and overall expense ratio is available in the mutual fund's prospectus. You can request a copy of a mutual fund's prospectus from your Financial Professional.

4.2 Variable Annuities and Variable Life Insurance

4.2.1 Variable Annuities

We offer variable annuities and variable life insurance policies, which are referred to as "variable products". Variable Products are issued by insurance companies and represent a contract or policy between you and the insurance company. In most cases they require Financial Professionals who recommend them to customers to be licensed or registered with state insurance licensing agencies. Some of our Financial Professionals are not licensed or registered to offer variable products, and if so, they are not able to recommend or sell them to you. The features, benefits, fees and costs of variable products are different and vary by product. The summary below offers general information about most variable products. Information about the particular features, benefits, fees and costs for a specific variable product can be found in the prospectus. You will receive a copy of the prospectus for any variable product that your Financial Professional recommends to you.

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Variable annuities can help with saving for retirement. Funds invested in these annuities can grow tax-deferred. This means that you generally will not pay state or federal income taxes on the income and investment gains on the funds in your annuity until you make a withdrawal, receive income payments, or a death benefit is paid. When you withdraw your funds, however, you will usually pay state and federal income taxes on the gains at ordinary income tax rates rather than lower capital gains rates on any investment gains in the funds within the annuity contract. When you start taking income payments, you can usually select payment options that will guarantee you payments for a specified period, which may extend as long as you live if you select that option. Some annuities offer additional features and guarantees, available as options or "riders." The riders and other features applicable to each Variable Product are different, and are established by insurance company. Not all variable products have the same riders or other features, and their cost will vary among different products and issuers.

4.2.2 Variable Life Insurance

Variable life insurance provides life insurance protection (a death benefit) and also allows you to build up a cash value that can grow on a tax-deferred basis. Most variable life insurance policies allow you to take out loans against the cash value and to make withdrawals as long as the remaining cash value is sufficient to keep the policy in force. You can also terminate your policy by surrendering it and receiving the remaining cash value. Terminating your policy will terminate your death benefit protection. Many insurance companies offer riders and other options with their variable life insurance policies, such as disability insurance, income benefits or accelerated death benefits.

When you purchase a variable life insurance product, your insurance premium contributions (net of any fees and charges deducted from premiums) are invested in the investment options – typically underlying mutual funds – that you select. The value of your investment, usually referred to as your cash value, will fluctuate as the values of the underlying mutual funds increase or decrease.

Most insurance companies impose a minimum investment requirement on the initial premium. In the case of variable life insurance, you will also likely be required to make premium payments periodically to keep the policy in force. While you may have some flexibility in the amount or timing of these periodic premium payments, you should consider whether you can afford to continue making premium payments when deciding to purchase a variable life insurance policy. If you fail to make sufficient payments to keep the policy in force, the policy will lapse (terminate without value), and you will no longer have any death benefit protection. A lapse may also create unfavorable tax treatment for the owner of the policy.

Variable products are not short-term savings vehicles. Withdrawing funds or surrendering a variable product in a short time after purchase will likely trigger surrender fees and charges (See discussion of surrender charges above and below), and may also trigger tax penalties. You can lose the money you invest in variable products, including potential loss of your initial investment, due to poor performance of the investment options you select and/or the cumulative impact of fees and charges on your cash value.

Fees and Costs – Premium Payment Deductions

In the case of some variable products, the insurance company deducts a fee from your premium payment, and only the net premium amount is invested or allocated. In the case of variable annuities, the fee deduction is usually to cover state insurance premium taxes. In the case of variable life products, the fee deduction can also cover the insurer's sales expenses.

Fees and Costs – Surrender and Withdrawal Charges

Most variable products impose a surrender charge if you surrender your variable product or make a withdrawal of your cash value during the surrender charge period. This surrender charge and the surrender period are described in the product prospectus. Surrender charge periods vary by variable product and are generally from six to eight years from the date of purchase for variable annuities, but may range up to 15 years on some variable life insurance policies.

Surrender charges also vary by variable product, and generally begin at approximately 8% of the purchase payment in the first year after purchase and end at approximately 1% of the cash value in the final year of the surrender charge period. Typically, the surrender charge decreases at annual or other intervals over the duration of the surrender charge period, with higher charges applying to surrenders and withdrawals made at the beginning of the surrender charge period and lower charges applying to surrenders and withdrawals made toward the end of the surrender charge period. Tax penalties can also apply to surrenders or withdrawals made from annuities before the owner of the policy has reached age 59½.

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Fees and Costs – Ongoing Fees and Expenses

Insurance companies deduct fees and expenses from the cash value of the variable product to cover fees and expenses associated with them. These ongoing fees and expenses commonly include mortality and expense (M&E) risk fees, cost of insurance fees (assessed under variable life insurance policies), administration fees, transaction fees, and fees associated with certain optional riders. The M&E risk fees are calculated as a percentage of your insurance coverage or account value and are an annualized percentage rate charged against the value of your annuity contract. However, some fees, such as administration or transaction fees, are fixed amounts charged annually or when specific transactions occur. The cost of insurance fee charged on variable life insurance contracts is typically calculated by applying a rate based on your underwriting classification to the "net amount at risk" (the difference between your product's death benefit and cash value). These fees are usually deducted from your cash value on an ongoing basis. If you add riders to your variable annuity or variable life insurance policy, the fees for those riders will be deducted from your cash value. Fees for riders are usually charged on an annual basis.

In addition to fees related to the annuity contract itself, you will indirectly pay the ongoing fees and expenses for the mutual funds that are the underlying investment options for the variable product in which you invest. These fees and expenses are separate from the fees charged by the insurance company and will be reflected in the performance of the underlying investment options. These ongoing fees and expenses include the mutual fund's management fees, servicing fees, and 12b-1 fees, and are typically charged as an annualized rate against fund assets.

The commissions, surrender charges, fees for riders, and ongoing fees and expenses associated with variable products vary by insurance company and the type of variable product. More information regarding the commissions, surrender charges, and ongoing fees and expenses for variable products is available in the variable product's prospectus.

The following table summarizes the types of fees usually applicable to variable products and the approximate range applicable to the variable products we offer. This table is intended to act only as a summary, and the fees and other features applicable to any variable product that you purchase will be unique to it. Please review the prospectus for any variable product that you consider purchasing and ask your Financial Professional if you have questions.

Type of Fee	**Annuity Contract A**	**Annuity Contract B**	**Annuity Contract C**
Contract Owner Transaction Expenses			
Deferred Sales Load	See Surrender Charge Schedule	See Surrender Charge Schedule	See Surrender Charge Schedule
Surrender Charge (Decreases over time)	8½%, 7½%, 6½%, 5½%, 5%, 4%, 2%	8%, 7%, 6%, 5%, 4%, 3%, 2%	7%, 7%, 6%, 5%, 3%
Exchange Fee	$25 Annual	$25 Annual	$0
Ongoing Fees and Expenses (Annual)			
Annual Contract Fee	$35	$50	$50
Separate Account Mortality & Expense Risk Charge	1.30%	1.30%	0.85%
Optional Riders	0.25% – 3.00%	0.25% – 3.00%	0.25% – 3.00%
Underlying Fund Fees and Expenses (Annual)			
Underlying Fund Operating Expenses, including management fees, distribution	0.52% – 2.01%	0.45% – 1.89%	0.27% – 2.14%

Fees and Costs – Our Compensation

When you purchase a variable product, the issuing insurance company will pay us a sales charge or commission and we will pay a portion of it to your Financial Professional. While this sales charge is generally not immediately deducted from the amount of your investment, the insurer factors the commission into the fees and costs of the product that you will pay on an ongoing basis. In this way, you indirectly pay the commission despite the fact that it is not immediately deducted from your initial purchase. We receive this commission for our sales efforts and for assisting you with the insurance application and the underwriting and delivery processes related to the purchase of a variable product.

Commissions and sales charges we receive vary based on the variable product and insurance company, and we receive higher commissions for some types of variable products than for others. This creates a conflict of interest for us because our compensation can be greater

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based on the product that you purchase. In addition, in the case of variable life insurance, the commissions may vary between initial premium payments and subsequent premium payments.

For example, if you purchase a variable annuity in the amount of $10,000 from an insurer that pays us a 6% commission, we will receive, and you will indirectly pay, an initial commission of $600. If you contribute another $1000 to your variable annuity contract as an additional payment, we will receive, and you will indirectly pay, a subsequent commission of $60.

Fees and Costs – Marketing Expenses and Allowances

Some insurance companies also pay us marketing allowances or other fees for our marketing activities on their behalf. These marketing allowances, also referred to as "revenue-sharing" payments are usually calculated as a percentage of new sales (premiums paid by our retail customers), a percentage of the cash value in variable products held by our retail customers, or both. (Please see the discussion regarding revenue-sharing payments in section 9, below.) The amount of revenue-sharing payments varies from insurer to insurer. Some insurers may also make contributions to cover the costs of business meetings and events that we hold for our Financial Professionals.

Marketing representatives of insurance companies and their affiliated distributors, often referred to as "wholesalers," work with our Financial Professionals to promote sales of their variable products. These insurance companies and their wholesalers may pay for or provide training and education programs for our Financial Professionals. Insurance companies and their wholesalers may also provide small gifts or business entertainment to our Financial Professionals, may cover expenses with our Financial Professionals attending business meetings that they sponsor, and may provide financial assistance to Financial Professionals for their marketing events and activities. You do not pay these marketing expenses directly. However, the marketing expenses are built into the cost of the variable product, so you indirectly pay for the cost of the marketing expenses sponsored by the insurance company and their wholesalers.

More Information

More information about variable products, including the insurance commissions and other fees and expenses built into the cost of the insurance, is available in the variable product's prospectus. In addition, more information on the mutual funds underlying the variable product's investment options, including the mutual fund's ongoing fees and expenses and overall expense ratio, is available in the mutual fund prospectus. You can request a copy of a variable product's prospectus from your Financial Professional.

4.3 Equities

Characteristics of Equities

We offer a wide range of equity securities, often referred to as stocks, which give stockholders a share of ownership in a company. Before deciding to buy or sell an equity security such as stock of a publicly-traded company, it is important for you to evaluate the risks associated with the company. As part of this evaluation, you will want to carefully review the company's relevant disclosure documents, such as its initial registration statement and prospectus in the case of an initial public offering, or its most recent audited financial statements in the case of a secondary market transaction. Stocks in public companies are registered with the SEC and in most cases, these companies are required to file reports with the SEC quarterly and annually. You may access these disclosure documents on the SEC's website at https://www.sec.gov/edgar.

Fees and Costs

Buying and selling equities entails costs. You will typically pay us a sales charge or commission every time you buy or sell an equity security. You will pay this commission in addition to the price you pay for the security you choose to buy or sell. This commission is a one-time fee, which varies according to the size and dollar value of the transaction. Your commission payment as a percentage of the amount of the transaction will generally be higher in connection with smaller transaction amounts. We are not a "discount" broker-dealer. Many discount broker-dealers offer commission rates lower than ours, and some firms will execute transactions in equity securities for customers without charging commission payments.

We have a standard schedule of charges for brokerage transactions, which may be viewed at https://cetera.com/cetera-financial-specialists/disclosures. Commissions on transactions in equity securities may be negotiable between you and your Financial Professional.

In addition to commissions charged for executing transactions, you will pay certain charges in connection with maintaining a brokerage account. These include fees for delivery of transaction confirmations and account statements, wire transfers of funds, and other items, all of which are revenue to us. The amount of the fees and charges you will pay is usually more than the cost that we

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incur in providing the service to you. If the amount that we charge you for a given service is greater than the amount we pay for it, the differential is additional revenue for us. If you maintain a brokerage account with Pershing, we will often charge you more for providing a service than Pershing charges us. A complete list of charges applicable to your brokerage account may be viewed at https://cetera.com/cetera-financial-specialists/disclosures.

4.4 Bonds

Characteristics

We offer a wide range of bonds, including corporate, government, and municipal bonds. Bonds are debt securities issued by corporations, governments, or other entities that pay fixed or variable interest rates to investors for a specific period of time. When the bond reaches maturity, the bond issuer generally returns the principal amount of the bond to investors. There are many types of bonds and the features, characteristics, and risks associated with bonds can vary significantly.

Most bonds make interest periodic payments to owners. The "coupon" rate for a bond is the rate of interest it pays annually and is expressed as a percentage of its face value. Usually, the coupon rate is calculated by dividing the annual interest payment by the face value of a bond.

Bonds generally are priced at an initial face value (sometimes called "par" value) of $1,000 per bond. However, once the bond is traded on a secondary market, the bond's price may be lower than the face value, which is referred to as a "discount," or higher than the face value, which is referred to as a "premium." If the bond is priced at a discount, the investor will receive a higher interest yield (percentage annual return) as a result of paying less than the face value. On the other hand, if the bond is priced at a premium, the investor will receive a lower interest yield as a result of paying more than the face value. Bond prices typically have an inverse relationship with bond interest yields. As bond prices decrease, interest yields increase. As bond prices increase, interest yields decrease.

Unlike equities, where prices are usually quoted based on their daily closing prices, many bonds do not have a uniform closing price because they are traded in over-the-counter (OTC) markets or another negotiated market. Bond prices are affected by many different factors, including but not limited to supply and demand for the bond, the issuer's credit rating, size of the offering, interest rates, and age-to-maturity. With regard to the age-to-maturity pricing factor, bonds are paid in full (at face value) when they mature, though there are options to call, or redeem, some bonds before they mature, and some bonds permit the issuer to call the bond prior to maturity. Since a bondholder is closer to receiving the full face value as the maturity date approaches, the bond's price will tend to move toward the par value as the bond ages. Many bonds are priced by discounting the expected cash flow to the present using a discount rate.

Fees and Costs

Instead of charging you a commission on transactions in bonds, we usually execute the transaction as a "principal". This means that instead of acting exclusively as your agent in executing a transaction on an exchange or through a dealer and receiving a sales charge or commission, we purchase or sell the bond directly to you or from you. If we purchase an investment for you as a principal, we purchase it from a third party and then sell it to you at a higher price, and the difference is called a "markup". If you sell a fixed income investment, we will sell it to a third party and take a fee called a "markdown", which is subtracted from the proceeds of the sale. Markups and markdowns are compensation to us for executing principal transactions. There may be other charges and fees associated with a transaction in addition to the markup or markdown. In most cases, we act as a "riskless" principal. As a riskless principal, we buy or sell investments directly to or from you, but we do not generally maintain an inventory of securities for sale or in anticipation of selling them to customers. If you give us an order to purchase or sell a security, we purchase or sell it from a third party and apply a markup or markdown. The amount of a markup/markdown charged on a bond transaction will depend on a number of factors and particular circumstances for each transaction, including the type of bond (corporate, government, or municipal), transaction size, credit quality, unit price, maturity, liquidity, and market scarcity.

With new issues of bonds, our markup is generally included in the par value, so you do not usually pay separate transaction costs. All purchasers of a new issue pay the same price, known as the offering price. If you are interested in a new issue of a bond, you should review the offering document, which describes the bond's features and risks.

If you sell a bond before it matures, you may receive more or less than the par value of the bond. Either way, we will mark down the price of your bond, paying you slightly less than its current market value and will then mark up the price slightly upon resale to another investor or dealer. This is how broker-dealers are compensated in connection with customer purchase and sales of bonds. Pershing acts as a dealer in buying and selling bonds, and shares with us a portion of the profit they earn in markups and markdowns in transactions with our customers.

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For example, if you purchase 10 corporate bonds priced at $1,000 per bond and the markup is $10 per bond, you would pay $10,000 for the market price of the bond and then an additional $100 markup, which means you would pay $10,100 in total to purchase the bonds.

We have a standard schedule of charges for brokerage transactions, which may be viewed at https://cetera.com/cetera-financial-specialists/disclosures. Commissions on bond transactions, including markups and markdowns, are usually negotiable between you and your Financial Professional. The compensation that your Financial Professional receives in connection with your purchases and sales of bonds is affected by the amount of the markup or markdown. As such, both we and your Financial Professional have an incentive to increase the amount of the markup or markdown on a given transaction in order to increase the amount of money we earn.

More Information

More information describing a specific bond's features and risks is available in the bond's offering document. More information about bonds, including pricing and issuer credit ratings, is also available on FINRA's website at https://www.finra.org/investors/investing/investment-products/bonds. In addition, more information about government bonds is available on the Municipal Securities Rulemaking Board's (MSRB) website at https://www.msrb.org/.

4.5 Option Contracts

Characteristics

We offer you the ability to purchase or sell listed options. Options are contracts that give you the right, but not the obligation, to buy or sell an underlying asset at a fixed price within a specified period of time. Various exchanges operating in the United States and regulated by the SEC and/or the Commodity Futures Trading Commission (CFTC) offer public trading markets where different types of options are bought and sold, such as options on individual stocks, indexes, and interest rates. Option contracts may also be traded on certain European markets.

An option contract that gives you the right to buy the underlying asset is referred to as a "call" option, and an option contract that gives you the right to sell the underlying asset is referred to as a "put" option. Most options have certain standardized terms that indicate the nature and amount of the underlying asset, the expiration date, the exercise price, and whether the option is a call or put. Equity options, for example, are designated by reference to the issuer of the underlying security, the expiration month or expiration date of the option, and the option's exercise price and type (put or call). Many securities that are publicly traded in the United States have put or call option contracts, which are available for trading on an exchange in the United States.

Option contracts have a fixed expiration date. The price of the option contract varies according to a number of factors, including the price of the underlying assets in relation to the exercise, or "strike" price of the option, the period of time left until expiration, volatility of the underlying asset, and general market conditions. You should note that after the expiration date, an option contract has no value, regardless of the value of the underlying asset. If the option expires without being sold or exercised to purchase the underlying asset, you will lose your entire investment in that option contract.

Prior to buying or selling options, you will receive a copy of a document entitled "Characteristics and Risks of Standardized Options," also known as the options disclosure document (ODD). Investors should read a copy of the ODD prior to buying or selling any option. The ODD contains required disclosure of the characteristics and risks of standardized option contracts. No certificates are issued to show your ownership of an option, but you will receive written confirmations for all transactions and your ownership positions will appear on your monthly account statements. It is also very important to understand the process for exercising your rights as the holder of an option contract. You must give us instructions in accordance with our firm's procedures in order to exercise your rights, and if you fail to do so, you may lose some or all of the value of the option.

Fees and Costs

You will typically pay us a commission every time you buy or sell an option contract. You will pay this commission in addition to the amount you pay to purchase the option contract, which you will pay regardless of whether you choose to exercise the option to buy or sell the underlying asset. The commission is a one-time fixed fee. . The premium is not a standardized term of the option contract, and does not constitute a "down payment" or other interest in the underlying asset. The premium is a non-refundable payment and is in addition to the commission.

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More Information

More information about option contracts is available at https://www.cboe.com/us/options/.

4.6 Closed-End and Interval Funds

Characteristics

We offer a wide range of closed-end investment funds, including interval funds, from many different fund sponsors. Each closed-end fund prospectus contains important information that will help you make an informed investment decision, and we encourage you to read the prospectus carefully before investing. In deciding whether to invest in a closed-end fund, you should consider several different factors, including the fund's investment objective, investment strategies and risks, the investment adviser responsible for the management of the fund's assets, and the fees and expenses associated with an investment in a particular closed-end fund.

Similar to mutual funds, closed-end funds are pooled investment vehicles. However, there are some important differences between these types of funds. Unlike mutual funds, most traditional closed-end funds do not continuously offer their shares for sale. Instead, such funds usually sell a fixed number of shares through an initial public offering, after which their shares typically trade on a secondary trading market such as an exchange. The price of shares in a closed-end fund that trades on a secondary market after their initial public offering is determined by the market and may be higher or lower than the net asset value. In addition, there are certain non-traded closed-end funds that sell their shares on an ongoing basis and do not trade on a secondary trading market.

Certain closed-end funds have a specified or targeted termination date, at which time the shareholders receive an amount equivalent to the NAV of the shares at the termination date. Non-traded closed-end funds typically contemplate having a "liquidity" event at some point once the fund's offering has ceased. Liquidity events include liquidation or listing the fund's shares on a secondary trading market. However, many closed-end funds have no "maturity" or termination date, and shareholders can generally only liquidate their investments by selling shares on a secondary trading market, at prices which may be higher or lower than the net asset value of the fund. Closed-end funds that do not have stated termination dates may still be terminated and liquidated based on the investment manager's decision.

Unlike mutual funds, closed-end fund shares are not redeemable, which means that the fund is not required to buy shares back from investors upon request. Non-traded closed-end funds sometimes offer to repurchase their shares from investors in periodic tender offers. In addition, some closed-end funds, commonly referred to as "interval funds," offer to repurchase their shares from investors at specified intervals, subject to conditions including limitations on the amount that will be repurchased in any given time period.

The shares of an interval fund usually do not trade on a secondary market and interval funds generally offer their shares on a continuous basis at a price based on the fund's NAV. In order to operate as an interval fund, the fund must offer to repurchase its shares at regular intervals every three, six, or twelve months, as disclosed in the fund's prospectus. The price that interval fund shareholders receive on a repurchase will be based on the per share NAV determined as of a specified date, minus any redemption fees or charges that may apply to the transaction.

Fees and Costs

You will pay us a sales charge when you buy shares in a closed-end fund's public offering, or a commission if you buy and sell shares in a closed-end fund in the secondary market. You will pay this sales charge or commission in addition to the amount of the fund you choose to buy or sell. For a public offering purchase, the fund's sales charge is a one-time fixed fee, which is typically a percentage of the investment amount. For a closed-end fund transaction in the secondary trading market, the commission is also a one-time fixed fee, which varies according to the number of shares purchased or sold and the dollar amount of the transaction.

> *For example, if you purchase $10,000 of shares in the initial offering of a closed-end fund that assesses a 3% sales charge on your investment, a $300 sales charge will be deducted and the remaining $9,700 of your investment will be used to purchase shares in the closed-end fund's initial offering. If you purchase $10,000 of shares in a closed-end fund on a trading market, you will pay a commission based on the size of the transaction.*

Some interval funds also charge you a redemption charge when you accept the fund's offer to repurchase your shares. This redemption charge is a one-time fixed fee. Unlike the sales charges and commissions, the redemption charge is not paid to us, but is paid to the fund to compensate it for expenses associated with the repurchase.

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For example, if you own $10,000 of shares in an interval fund that assesses a 2% redemption charge, and you accept an interval fund's offer to repurchase all of your shares, a $200 redemption charge will be deducted and you will receive the remaining $9,800 as your redemption proceeds.

Closed-end funds, including interval funds, also deduct other ongoing fees and expenses, such as management fees, from fund assets. In addition, the ongoing fees and expenses of many interval funds include 12b-1 fees, which are intended to finance distribution activities and result in the sale of additional shares of the interval fund, and include marketing and advertising expenses. These ongoing fees and expenses, which are reflected in the fund's overall expense ratio, are typically used to pay for the fund's continued operations, such as paying the fund's investment manager, accounting and auditing expenses, legal expenses, and recordkeeping expenses. These ongoing fees and expenses are typically charged daily as a percentage of your assets. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis.

More Information

More information on the sales charges, ongoing fees and expenses, and overall expense ratio for closed-end funds, including interval funds, is available in the fund's prospectus. You can request a copy of a fund's prospectus from your Financial Professional.

4.7 Exchange-Traded Funds and Exchange- Traded Products

Characteristics

We offer a wide range of ETPs. ETPs are investment funds that are listed for trading on a national securities exchange and can be bought and sold in the equity trading markets. Shares in the ETP represent an interest in a portfolio of securities. ETPs may consist of different assets, but ownership of an ETP gives the holder an interest in the underlying pool of assets, whatever they are.

ETPs possess characteristics of both mutual funds and closed-end funds. Similar to mutual funds, an ETP pools assets of multiple investors and invests those pooled assets according to its investment objective and investment strategy. ETPs also continuously offer their shares for sale like mutual funds. In addition, ETPs share certain characteristics with closed-end funds, namely that the fund's shares trade on a secondary market and may trade at prices higher or lower than the fund's NAV.

ETPs do not sell or redeem individual shares. Instead, certain "authorized participants" have contractual arrangements with the ETP to purchase and redeem shares directly from the ETP in blocks called "creation units" and "redemption units," respectively, where each creation or redemption unit typically represents 50,000 shares of the ETP. After purchasing a "creation unit," the authorized participants generally sell the ETP shares in the secondary trading market.

The creation and redemption process for ETP shares provides arbitrage opportunities designed to help keep the market price of ETP shares at or close to the NAV per share of the ETP. For example, if ETP shares are trading at a price below the NAV (generally referred to as a "discount"), an authorized participant can purchase ETP shares in secondary market transactions, and after accumulating enough shares to compose a "redemption unit", can redeem those shares from the ETP for a pro rata share of the fund's underlying securities, which would be more valuable than the shares redeemed. The authorized participant's purchase of ETP shares in the secondary market will tend to create upward pressure on ETP share prices, which would tend to bring them closer to the NAV per share of the ETP.

Fees and Costs

You will pay us a commission every time you buy or sell shares in an ETP. You will pay this commission in addition to the amount of the ETP you choose to buy or sell. This commission is a one-time fixed fee and is determined by our schedule of fees and commissions in effect at the time of the transaction.

ETPs also deduct ongoing fees and expenses, such as management fees, from their assets. These ongoing fees and expenses are typically used to pay for the ETP's continuing operations, such as paying fees to the investment manager, accounting and auditing expenses, legal expenses, and recordkeeping expenses. However, ETPs generally have lower expense ratios than mutual funds because most ETPs are not actively managed and, therefore, do not incur the internal costs of buying and selling the underlying portfolio securities.

These ongoing fees and expenses are typically charged annually as a percentage of your assets. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis. We receive payments from the sponsor or investment adviser of the ETP, where such payments are generally referred to as revenue-sharing payments. (Please see the discussion regarding revenue-sharing in section 9, below.)

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Actively-Managed ETPs and Mutual Funds with Similar Investment Holdings

Some fund sponsors offer both mutual funds and ETPs. While most ETPs consist of a "static" pool of assets that does not change over time, some ETPs are actively-managed, which means that the manager of the ETP purchases and sells investments for the fund and the composition of the fund will change over time. A mutual fund sponsor may offer both a mutual fund and an actively-managed ETP that have significant overlap between their portfolios, and in some cases the portfolios may be substantially identical.

The sales charges that you will incur in purchasing shares of a mutual fund will usually be higher than those that you will pay in connection with purchase of an ETP, and the ongoing management expenses for mutual funds will generally be higher than those for an ETP with a similar portfolio. The actual sales charge that you pay in connection with purchase of a mutual fund will vary according to a number of factors (Please see the discussion of mutual fund sales charges and operating expenses in section 3, above.) In addition, mutual funds usually charge 12b-1 fees in connection with mutual funds, whereas ETPs do not. All of these factors will usually combine to make the cost for investors who purchase shares of mutual funds higher than for those who purchase ETPs with similar portfolios. This creates a conflict of interest for both the firm and your Financial Professional, because we will usually receive greater compensation in connection with purchases of mutual funds than we would in connection with purchases of ETPs that have similar investment portfolios. We also receive more revenue-sharing compensation from mutual fund sponsors than we do from sponsors of ETPs (Please see the discussion of our revenue-sharing arrangements in section 9, below.) This creates an incentive for us to recommend that you purchase mutual funds instead of ETPs that have similar investment portfolios.

We do not allow Financial Professionals to recommend new purchases of actively-managed ETPs to customers in brokerage accounts, although we allow customers who have existing holdings of actively-traded ETPs to maintain them. We do allow Financial Professionals to recommend new purchases of actively-managed ETPs in investment advisory accounts.

More Information

More information about ETPs, including their ongoing fees and expenses and overall expense ratio, is available in the prospectus. You can request a copy of a mutual fund's prospectus from your Financial Professional.

4.8 Unit Investment Trusts

Characteristics

We offer a wide range of unit investment trusts (UITs). UITs are pooled investment vehicles in which a portfolio of securities is selected by the trust's sponsor and deposited into the trust for a specified period of time. The portfolio of securities is not actively traded, and the trust generally follows a "buy and hold" investment strategy. The portfolio will generally remain fixed until the termination of the trust. UIT term lengths vary, but usually have a maturity date that is between 15 to 24 months from the initial offering date.

At the UIT's maturity date, an investor will usually receive the cash value of their investment as of the date of the liquidation, but some UITs offer unitholders the ability to receive their pro rata share of the securities held in the underlying portfolio in lieu of cash.

The portfolio of the UIT is generally designed to follow a defined investment objective over a specified period of time. A UIT is formed by the trust sponsor, who enters into an agreement with the trustee. When the trust is formed, the investment terms and conditions are set forth in the trust agreement, such as the trust objective, the securities that will be placed in the trust, when the trust will terminate, and what fees and expenses will be charged to the trust's assets. These terms and conditions of the trust will be listed in the prospectus.

Fees and Costs

You will pay us a sales charge when you buy units in a UIT in an initial offering, or a commission when you buy or sell units in a secondary trading market. You will pay this sales charge or commission in addition to the amount of the UIT you choose to buy or sell.

> *For example, if you invest $10,000 in a UIT's initial offering that assesses a 2% sales charge, then a $200 sales charge will be deducted and the remaining $9,800 of your investment will be used to purchase units in the UIT's initial offering. If you purchase $10,000 of units in a UIT on a trading market, after the initial offering, you will pay a commission or sales charge based on the value of the investment.*

In some instances, collection of all or part of a sales charge in connection with a UIT is deferred over a period following the purchase of units. Typically, the deferred sales charge is deducted from the unitholder's distributions on the units owned during the collection period until the total amount of the sales charge is paid. If you liquidate your investment in a UIT prior to the maturity date, you may pay a fee to the sponsor at the time of the liquidation, which will reduce the proceeds of the liquidation.

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UITs also deduct other fees and expenses from trust assets, such as organizational and operating expenses. These fees and expenses include portfolio supervision, recordkeeping, administrative fees, and trustee fees. UITs also charge creation and development fees, which compensate the sponsors for creating and developing the trusts. However, UITs generally do not deduct a separate management fee because the portfolio is not actively managed. We may receive a portion of these fees and expenses, generally referred to as revenue sharing. Please see section 9, below, for a discussion regarding revenue-sharing payments that we receive from investment sponsors.

More Information

More information about UITs, including their sales charge and ongoing fees and expenses, is available in the prospectus for each UIT.

4.9 Real Estate Investment Trusts

Characteristics

We offer a number of real estate investment trusts (REITs). They own and usually operate real estate assets, such as office buildings, shopping malls, apartments, hotels, resorts, self-storage facilities, warehouses, portfolios of single-family homes, and real estate mortgages or loans. Unlike some other real estate companies, REITs generally do not develop real estate properties to resell them, but rather buy and develop properties primarily to operate them as part of their own investment portfolio.

REITs provide investors with exposure to the investment performance of real estate and real estate-backed loans. Distributions to shareholders from REITs often enjoy tax-advantaged status, but REITs are required to pay out most of the taxable income to their shareholders in order to qualify for that favorable tax treatment.

We offer both publicly-traded REITs (traded REITs), which are typically listed for trading on a national securities exchange, and non-traded REITs, which are not listed for trading on an exchange. While traded REITs can be bought and sold on a secondary trading market, non-traded REITs cannot be bought or sold readily in a secondary trading market and are typically only available for purchase when the REIT is conducting a public offering of its shares. The market price for shares of traded REITs is readily available, but since non-traded REITs are not traded on an exchange or other public market, their price is not readily available. Shares of non-traded REITs are illiquid investments because you may not be able to sell your shares readily. Also, in the case of non-traded REITs, which generally are purchasing real estate assets as they are conducting their offerings, dividend yields may come in whole or in part from offering proceeds or borrowings rather than from rental or other income, reducing the amount available to invest in real estate assets. Non-traded REITs also often have an external manager whereas traded REITs typically have internal employees who manage the assets of the REIT. The interests of external managers, who receive fees from the REIT for managing the REIT and assisting with acquisitions, can conflict with the interests of the shareholders of the non-traded REITs.

Fees and Costs

You will pay us a commission when you buy shares in a traded REIT's public offering, or buy or sell shares in a traded REIT in a secondary trading market. For an initial offering purchase, the commission on a traded REIT is a one-time fixed fee, typically a percentage of the investment amount, and usually ranges between 1% and 2% of the investment amount.

Non-traded REITs have initial offering commissions which typically include both a commission payable to us and a "dealer manager" fee which is payable to a distributor that is usually an affiliate of the issuer. The commissions and sales charges are usually significantly higher than those applicable to traded REITs, and the commission is deducted from the amount you invest. For a purchase or sale transaction in the secondary trading market, the commission is generally similar to a commission on an equity trade, and is also a one-time fixed fee. The commission is a separate charge from the purchase or sale amount.

> *For example, if you purchase $10,000 of shares in a public offering of a publicly-traded REIT that assesses a 2% commission on your investment, you will pay a $200 commission and the remaining $9,800 of your investment will be used to purchase shares in the REIT's offering. If you purchase $10,000 of shares in a REIT in the secondary trading markets, you will pay a commission based on the value of the transaction.*

Both traded- and non-traded REITs bear the fees and expenses associated with acquiring, operating, and disposing of their assets. You pay these fees and expenses indirectly, because they impact the profitability of the REIT and the value of your shares.

We receive payments from sponsors of non-traded REITs, generally referred to as revenue-sharing. These payments, as well as the conflicts of interest associated with them, are described more fully below in section 9, below. Since we receive revenue-sharing payments in connection with purchases and holdings of non-traded REITs, we have an incentive to recommend that you purchase shares of non-traded REITs instead of traded REITs.

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The cost to purchase a share of a traded REIT is determined by the market in which it trades, and may be higher or lower than the value of the assets owned by the REIT. Non-traded REITs generally offer owners the ability to liquidate or "redeem" their shares at specified intervals, usually every month. Since there is not typically a public market for the shares of a non-traded REIT, the only option you have if you choose to liquidate your ownership interest is to tender your shares to the REIT. If you choose to liquidate your REIT shares by tendering them to the REIT, the price you receive will be the NAV as determined by the fund sponsor. In addition, most non-traded REITs that offer to repurchase REIT shares limit the dollar amount of the shares that they will purchase in any given time period. If the REIT receives requests to redeem in amounts greater than the limit established by the sponsor, the sponsor has the right to decline to purchase a portion of the shares that you and other shareholders have tendered. In most cases, you may continue to tender any shares that have not been redeemed in succeeding periods, but if the volume of redemption requests from all shareholders exceeds the limit established by the sponsor, it may take some time for you to liquidate your entire investment. The price you receive for liquidating your shares will depend on the NAV of the REIT at the time when your redemption is processed.

When you purchase or sell a traded REIT, you will pay us a commission, which is determined by published commission schedule for transactions executed in public markets. If you purchase shares of a non-traded REIT, you will pay a sales charge that include the dealer-manager fee, as described above. The commission payable in connection with the purchase of a traded REIT is usually lower than the commission that you will pay in connection with purchase of a non-traded REIT as a percentage of the investment amount. Non-traded REITs are different from traded REITs in several material ways, including those mentioned above, and are not directly comparable as investments. If you are interested in investing in real estate though purchase of a REIT, please ask you Financial Professional for additional information regarding the differences between traded and non-traded REITs, including the fees and expenses you will incur in connection with purchasing and selling them.

More Information

More information about REITs, including their initial commissions and ongoing fees and expenses, is available in the REIT's prospectus.

4.10 Business Development Companies

Characteristics

We offer interests in a number of Business Development Companies (BDCs). BDCs are a type of closed-end investment fund that offers investors the ability to invest money in small and medium-sized private companies and other investments, including public companies.

BDCs pool money from investors and usually invest in debt and equity of small and medium-sized private or small public companies. The companies BDCs invest in are often in early stages of development, or may not be large enough to obtain bank loans or raise money from other investors. BDCs are sometimes compared to venture capital funds or private equity funds, which provide exposure to private, often illiquid, investments and may provide management or other assistance to the companies they invest in. However, BDCs are registered with the SEC and may be purchased by most investors. Publicly-traded BDCs are similar to other closed-end funds and ETPs in that their shares are typically bought and sold on national securities exchanges at market prices.

We also offer non-traded BDCs. The assets they own are similar to publicly-traded BDCs, but while traded BDCs can be bought and sold on a secondary trading market, non-traded BDCs cannot be bought or sold readily in a secondary trading market and are typically only available for purchase when the BDC is conducting a public offering of its shares. The market price for shares of traded BDCs is readily available, but since non-traded BDCs are not traded on an exchange or other public market, the price is not readily available. Shares of non-traded BDCs are considered to be illiquid investments because you may not be able to sell your shares readily. Also, in the case of non-traded BDCs, which generally are making loans or purchasing securities of other companies as they are conducting their offerings, dividend yields may come from offering proceeds or borrowings rather than from interest or other income, reducing the amount available to invest in other assets.

Fees and Costs

You will pay us a commission when you buy shares in a traded BDC's public offering or buy or sell shares in a secondary trading market. For an initial offering purchase, the commission on a traded BDC is a one-time fixed fee, typically a percentage of the investment amount, and usually ranges between 1% and 2% of the investment amount.

Non-traded BDCs have initial offering commissions which typically include both a commission payable to us and a "dealer manager" fee which is payable to a distributor that is usually an affiliate of the issuer. The commissions and sales charges are significantly higher than those applicable to traded BDCs, and generally ranges from 2% to 5% of the initial investment amount. The commission is deducted from the amount you invest. For a purchase or sale transaction in a secondary trading market, the commission is similar to a commission

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on an equity trade, and is also a one-time fixed fee, depending primarily on the value of the transaction. The commission is a separate charge from the purchase or sale amount.

> *For example, if you purchase $10,000 of shares in a public offering of a traded BDC that assesses a 2% commission on your investment, then you will pay a $200 commission and the remaining $9,800 of your investment will be used to purchase shares in the BDC's offering. If you purchase $10,000 of shares in a BDC in the secondary trading markets, you will pay a commission based on the value of the transaction.*

Both traded and non-traded BDCs bear the fees and expenses associated with acquiring, operating, and disposing of their assets. You pay these fees and expenses indirectly because they impact the profitability of the BDC and the value of your shares. We may receive payments from the sponsor of the BDC, generally referred to as revenue sharing.

We receive payments from sponsors of non-traded REITs, generally referred to as revenue-sharing. We do not generally receive revenue-sharing payments from sponsors of traded BDCs, which creates an incentive for us to recommend that you purchase shares of non-traded BDCs rather than traded BDCs. These payments, as well as the conflicts of interest associated with them, are described more fully below in section 9, below.

> *For example, if you purchase $10,000 of shares in a public offering of a non-traded BDC that assesses a 4% commission on your investment, then you will pay a $400 commission and the remaining $9,600 of your investment will be used to purchase shares in the BDC's offering.*

Both traded- and non-traded BDCs bear the fees and expenses associated with acquiring, operating, and disposing of their assets. You pay these fees and expenses indirectly, because they impact the profitability of the BDC and the value of your shares.

The cost to purchase a share of a traded BDC is determined by the market in which it trades, and may be higher or lower than the value of the assets owned by the BDC. Non-traded BDCs usually offer owners the ability to liquidate or "redeem" their shares at specified intervals, usually every month. Since there is not typically a public market for the shares of the non-traded BDC, the only option you have if you choose to liquidate your ownership interest is to tender your shares to the BDC. If you chose to liquidate your BDC shares by tendering them to the BDC, the price you receive will be the NAV as determined by the fund sponsor as of the time of the liquidation. In addition, most non-traded BDCs that offer to repurchase shares limit the dollar amount of the shares that they will purchase in any given time period. If the BDC receives requests to redeem shares in amounts greater than the limit established by the sponsor, the sponsor has the right to decline to purchase the shares you have tendered. In most cases, you may continue to tender your shares in succeeding periods, but if the volume of redemption requests by all shareholders exceeds the limit established by the sponsor, it may take some time for you to liquidate your entire investment. The price you receive will depend upon the NAV of the BDC at the time when your redemption is processed.

When you purchase or sell a traded BDC, you will pay us a commission, which is determined by our published commission schedule for transactions executed in public markets. If you purchase shares of a non-traded BDC, you will pay a sales charge that includes the dealer-manager fee, as described above. The commission that you will pay in connection with the purchase of a traded BDC is usually lower as a percentage of the investment amount than the commission that you will pay in connection with purchase of a non-traded BDC. Non-traded BDCs are different from traded BDCs in several material ways, and are not directly comparable as investments. If you are interested in investing in a BDC, please ask you Financial Professional for additional information regarding the differences between traded and non-traded BDCs, including the fees and expenses you will incur in connection with purchasing and selling them.

More Information

More information about BDCs, including their initial commissions and ongoing fees and expenses, is available in the prospectus.

4.11 Education Savings Plans

Characteristics

We offer a number of college and education savings plans, often referred to as "529 plans." 529 plans are tax-advantaged and state-sponsored investment programs designed specifically for education savings and named after the section of the Internal Revenue Code that created them.

There are two general types of 529 plans: Education savings plans and prepaid tuition plans. Education savings plans are securities that allow investment earnings to grow tax-deferred, and withdrawals are exempt from federal taxation when used for qualified educational

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expenses. Education savings plans generally operate through state-sponsored trusts and permit investors to allocate contributions to one or more investment options offered in the plan. Prepaid tuition plans allow investors to "lock in" tuition rates at specified educational institutions for students who will attend the institution at a later time. Every state offers at least one type of 529 plan, and some states offer both types. The remainder of this discussion is limited to education savings plans and does not include prepaid tuition plans. 529 plans were originally limited to funding qualified college expenses, but have been expanded to allow for use in connection with qualified education expenses at other institutions for students in primary and secondary schools.

Education savings plan contributions are generally invested in certain underlying investment options, such as mutual funds. The value of the contributions will fluctuate as the underlying investment options increase or decrease in value, and there is no guarantee that the amount contributed to the plan will equal the amount necessary for future education expenses. Although similar to mutual funds in certain ways, education savings plans are issued by state governments, and are not directly regulated or registered under the federal securities laws.

If you are considering investing in an education savings plan, you should read the offering document (often called a program description or "official statement") carefully before investing. Each program description contains important information that will help you make an informed decision about an investment in the plan. In deciding whether to invest in an education savings plan, you should consider several different factors, including each investment option's past performance, investment objective, investment strategy and risks, the investment adviser responsible for advising the state issuer, and the fees and expenses associated with an investment in a particular investment option. While past performance of an investment option is not indicative of future results, an investment option's long-term performance record may be an important factor in deciding to invest.

Fees and Costs

You will usually pay us a sales charge when you purchase an education savings plan. We receive a portion of this sales charge for the sales and related services we provide to the primary distributor of the plan.

Most education savings plans offer multiple classes of units (often called share classes), similar to the share class structure offered by many mutual funds. Though there are several types of share classes, but the most common share classes available to you are Classes A, B, and C. Each class typically has different fees and expenses, and therefore investment option performance results will differ as those fees and expenses reduce performance across share classes. You should also note that the amount of time you expect to hold your investment in a college savings plan may play an important role in determining which share class is most appropriate for you, and you should discuss this consideration with your Financial Professional. For example, Class C units may not be appropriate for situations in which the intended beneficiary of the account (the student(s) who intend to use the proceeds of the account for qualified education expenses) is less than 10 years old at the time that the initial deposit into the account is made. Similarly, class A shares may not be appropriate for situations in which the intended beneficiary is more than 12 years old at the time of the original deposit.

While there are no standard definitions for these share classes and each education savings plan defines its share classes in its offering document, these are basic descriptions of the most common share classes available to you:

- Class A – This share class usually carries a front-end sales charge, which is typically assessed as a percentage of each contribution. The net amount of your contribution after the deduction of the sales charge is invested in shares of the plan investment option(s) that you select. Class A shares typically have lower operating expenses compared to the other share classes of the same investment option. This means that ongoing costs will typically be lower than ongoing costs associated with other share classes of the same investment option. Many plans also offer "breakpoint" discounts for large investments in Class A shares, which means that the front-end sales charge decreases as the investment increases. These breakpoints are described in the plan's offering document. Breakpoints applicable to education savings plans are similar to but not always identical to breakpoints available in connection with purchase of mutual fund shares. Please review the terms of the various share classes with your Financial Professional prior to making an investment in an education savings plan.

  For example, if you purchase $10,000 of Class A shares of an investment option for an education savings plan that assesses a 3% front-end sales charge on your investment, you will pay a $300 front-end sales charge and the remaining $9,700 of your contribution will be used to purchase Class A shares of the investment option.

- Class B – This share class has no front-end sales charge like Class A shares, but has "back-end" or "contingent deferred sales charges" (CDSC) that apply. The CDSC means that you pay a sales charge when you redeem shares from your investment option. The amount of the CDSC is typically assessed as a percentage of the investment option. It generally declines as a percentage of the value of your account over the time that you hold your shares and eventually is eliminated. The period of decline typically lasts anywhere from five to eight years from the date of the contribution, depending on the plan and investment option. Once the CDSC

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is eliminated (typically at the end of the five-to-eight-year period), Class B shares usually convert to Class A shares. Until this conversion takes place, Class B shares will typically have higher ongoing operating expenses than Class A shares.

For example, if you purchase $10,000 of Class B shares of an investment option of an education savings plan that assesses a CDSC, you will not pay a front-end sales charge and the entire $10,000 contribution will be used to purchase Class B shares of the investment option at the time of purchase. However, if you decide to redeem those same Class B shares two years later, you will pay a CDSC based on the time that has elapsed since the purchase.

- Class C – This share class is characterized by a level asset-based sales charge that you pay annually as a percentage of your assets in an investment option. It does not have a front-end sales charge like Class A shares, but does have a CDSC like Class B shares.

However, unlike Class B shares, the CDSC for Class C shares is generally eliminated after a short period of time (usually one year). Operating expenses for Class C shares are usually higher than for Class A or B shares.

For example, if you purchase $10,000 of Class C shares of an investment option of an education savings plan with a 1% asset-based sales charge, you will not pay a front-end sales charge or a CDSC, so the entire $10,000 contribution will be used to purchase Class C shares of the investment option at the time of purchase. However, each year, your contribution will be charged a 1% asset-based charge, so your $10,000 contribution will be reduced to $9,900 after the first year, assuming no appreciation or depreciation of the shares in that one-year period.

In addition to these sales charges, education savings plans typically deduct certain ongoing fees and expenses from each investment option, such as program management fees, from assets in the investment options. Although these ongoing fees and expenses will vary based on the plan, some of the more common ones include:

- Program Management Fees – Education savings plans generally deduct a program management fee to pay the program manager for providing investment advisory, accounting, and other services to the plan. This fee is typically charged annually as a percentage of your assets, and is reflected in the NAV of the plan's investment options.

- Maintenance Fee – Most plans charge an annual maintenance fee. This fee, which compensates the plan sponsor for costs of maintaining the plan, may be waived in certain circumstances, such as when your plan assets exceed certain thresholds.

- Underlying Mutual Fund Expenses – Most plans invest contributions in one or more mutual funds and bear a portion of the fees and expenses of these underlying funds. The underlying mutual fund expenses are deducted from fund assets and reflected in the NAV of the underlying mutual funds, which means they are also reflected in the NAV of the plan's investment options. More information on the mutual funds that underlie the plan's investment options is available in the plan's offering document. In addition, more information on the underlying mutual funds, including their ongoing fees and expenses and overall expense ratio, is available in the fund prospectuses.

You pay these fees and expenses indirectly as they are deducted from your investment option assets, or the assets of underlying mutual funds, on an ongoing basis.

More Information

More information on the sales charges and ongoing fees and expenses is available in the college savings plan's offering document, which you can request from your Financial Professional.

4.12 Structured Products

Characteristics of Structured Products

Structured products are securities whose value is based upon or derived from the price of another asset, such as a security or a basket of securities, an index, a commodity, a debt instrument, or a foreign currency. They are often referred to as structured notes, or structured certificates of deposit (if issued by a bank or other depository institution). They bear similarities to other fixed income instruments such as bonds, but often do not make interest payments or require repayment of the principal by the issuer. They are usually issued for a fixed term of months or years and redeemed by the issuer at the end of the term.

Structured products are generally unsecured debt of the issuer and subject to the credit rating and ability of the issuer to repay its obligations. This risk exists whether or not the investment held in the account offers principal protection from an insurer or other third party.

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Structured products are offered by issuers in initial offerings that may be ongoing or continuous. If you purchase a structured product in an initial offering, you will pay us a sales charge or fee that is a percentage of your investment of your investment. Structured products are not usually traded on secondary markets such as exchanges, and it may be difficult to liquidate a structured product prior to its maturity. Many issuers offer to buy structured products that they have issued, but may only do so at prices that are below the initial offering price or the current net asset value of the instrument. The market price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded.

Some structured products offer full protection of the principal invested, others offer only partial or no protection. Where protection exists, the return of principal may not be for many years and there is significant liquidity risk with these investments. Investors may give up a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to the nominal principal amount and does not offer inflation protection. An investor in a structured product usually does not have a claim on the underlying investment or reference asset.

Tax treatment of structured products may be different from other investments (for example, income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.

Fees and Costs

You will pay us a commission when you buy shares in a public offering of a structured product or liquidate it by selling it back to the issuer or a third party. For an initial offering purchase, the commission on a structured product is a one-time fixed fee, typically a percentage of the investment amount. The commission is a separate charge from the purchase or sale amount.

> *For example, if you purchase $10,000 of interests in a public offering of a structured product that assesses a 2% sales charge on your investment, then you will pay a $200 commission and the remaining $9,800 of your investment will be used to purchase the structured product.*

More Information

More information about structured products, including their initial commissions and ongoing fees and expenses, is available in the prospectus.

5. CONFLICTS OF INTEREST

All broker-dealers and Financial Professionals have conflicts of interest in dealing with customers because they have an incentive to recommend that customers purchase or hold securities or contract for services that will yield them the largest amount of compensation, both per transaction and in the aggregate. SEC Regulation Best Interest (Reg. BI) requires that we act in your best interest when we make recommendations to you, and that we do not place our financial or other interest above yours.

We have identified certain conflicts of interest that relate to the recommendations that we and our Financial Professionals make to you. A conflict arises when an economic benefit, usually in the form of compensation or payments that we receive from you or a third party, creates an incentive for either us or a Financial Professional to put our interests ahead of yours. Some of these conflicts exist between customers and both the firm and Financial Professionals. Others exist between customers and the firm alone, and some between customers and Financial Professionals alone. The discussion below summarizes material aspects of these conflicts to assist you in making an informed decision regarding any recommendation a Financial Professional provides you. If you have questions regarding these conflicts or others, please consult with your Financial Professional.

We receive different types and amounts of compensation for performing different services for you. These are discussed in more detail below, but the way we are compensated and who pays us creates incentives for us to recommend that you establish or maintain a given type of relationship with us (brokerage or advisory), that you purchase specific types or amounts of investments, or both. We will make recommendations that we believe are in your best interest, but you should be aware of the incentives that we have when we make recommendations to you and the conflicts of interest that they create. You have the sole authority to control all decisions regarding transactions executed on your behalf, although you may choose to give your Financial Professional discretionary authority to execute transactions in your investment advisory account. The compensation we receive and the incentives we have for recommending services to you include the following:

- *Your relationship with us – Brokerage vs. Investment Advisory* – If you choose to establish a brokerage account or purchase assets that will be held directly by product sponsors, you will pay us for transactions that we execute for you. We also receive ongoing

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compensation in connection with certain investments that you own. In general, if you choose a brokerage or direct account, you will pay us sales charges when you purchase or sell investments. We have an incentive to recommend that you execute both more transactions and transactions for larger dollar amounts in your brokerage account because that increases our compensation.

If you choose an investment advisory relationship, you will pay us ongoing fees to give you advice, execute transactions, and monitor the performance of your investments. Our fees are based on the value of the assets in your account, a fixed or hourly fee, or a combination of both, but you will pay us fees for providing ongoing advice and monitoring of your investments whether we execute transactions in your account or not. Some of our advisory programs are referred to as "wrap" programs, in which you pay a single fee for advice and execution of transactions. In some of our advisory programs, you will pay fees for execution of transactions in addition to advisory fees. We do not have a financial incentive to recommend or execute more transactions in wrap accounts, but we have an incentive to do so in advisory programs where you pay a fee for execution of transactions. We also have an incentive to recommend that you establish an advisory account instead of a brokerage account because we will receive fees regardless of whether transactions are executed in your account.

- *Different compensation applies to different types of investments* – If you choose a brokerage relationship, you may purchase many different types of investments, including stocks, bonds or other fixed-income investments, mutual funds, ETPs, variable products, and alternative investments such as non-traded REITs, non-traded BDCs, and private investment funds. Each of these investments has different characteristics, risks, and potential benefits. Some investments have higher initial and/or ongoing sales charges than others. We have an incentive to recommend investments and investment types that pay us a larger amount of compensation, both initially and on an ongoing basis, and to recommend one product of a given type over another if it pays us more compensation.

5.1 Conflicts for Both Us and Our Financial Professionals

Conflicts between the interests of customers and both our firm and Financial Professionals may be caused by a variety of arrangements, including the role we play in a transaction and our compensation arrangements, charges applicable to specific transactions, and other forms of compensation that we receive from investment product sponsors and other third parties.

Our relationship with you creates a number of conflicts between our interests and yours, including the following:

- *We and our Financial Professionals are paid when you trade or invest based on our recommendations*. We are paid each time you trade or make a new investment. Conversely, if you do not trade or make investments through us, we will receive less compensation in connection with your account than we would if you trade actively. We pay our Financial Professionals a portion of the transaction-based payments that we receive. These transaction-based payments (commissions and sales charges) create incentives for us and your Financial Professional to encourage you to trade more and purchase additional investments that result in additional revenue for our firm and your Financial Professional.

- *For some investments that you purchase, we receive payments from third-parties that are in addition to the transaction-based payments described above.* This is particularly true when you purchase mutual funds, education savings plans, and variable products. For example, certain mutual fund sponsors make ongoing payments to us based on invested assets and not just new investments. These include 12b-1 fees, shareholder servicing fees, and trail compensation. These third-party payments are described in further detail in the prospectus or offering materials for the investment, and also below in section 9. All of these third- party payments create incentives for us and your Financial Professional to recommend that you purchase and hold investments that entail these payments rather than investments that do not, or that entail comparatively lower payments.

- *For investments with multi-share class structures, we generally receive comparatively more compensation when we recommend that you purchase or hold a share class that is likely to be more costly for you.* Some investments, such as mutual funds, education savings plans, and variable products, offer multiple share classes, and depending on the share class that you purchase, we can earn higher commissions, ongoing payments and/or other compensation. These comparatively higher commissions, ongoing payments and other compensation create incentives for us and your Financial Professional to recommend that you purchase and/ or hold the share class that results in the most compensation for us and is likely to be more costly for you. Where issuers offer multi-share class structures, the lowest-cost share classes may not be available to retail investors, due to high minimum investment amounts or account type requirements (for example, only retirement or advisory accounts). You can find more information about the compensation paid on different share classes in the prospectus for the investment or by asking your Financial Professional.

  In general, we have "levelized" compensation payable to our Financial Professionals in connection with purchases of variable products and alternative investments such as non-traded REITs and BDCs, with the intention of mitigating the incentive for a Financial Professional to recommend either a given investment or share class over another. This levelization process is intended to make the amount of compensation that the Financial Professional receives in connection with all share classes approximately equal

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if you hold the investment for a period of seven years. We have not levelized compensation payable to Financial Professionals with respect to purchases of mutual funds. As discussed in more retail in section 3, above, mutual funds are often subject to discounts on sales charges based on breakpoints or other sales charge reduction programs, but we have not levelized compensation to Financial Professionals across mutual funds and share classes.

- *We are paid when you engage in rollover transactions.* We may recommend that you roll over assets from your workplace retirement plan into an IRA account. When you engage in a rollover to an IRA, we and your Financial Professional will receive compensation in connection with the investments that you purchase and hold in your IRA account. We offer investment advice and services to participants in workplace retirement plans, but the compensation we receive in connection with those services is usually lower than what we would receive if you rollover those assets to an IRA. This creates incentives for us and your Financial Professional to encourage you to transfer or roll over assets from a workplace retirement plan to an IRA and to purchase investments that will result in additional compensation for us and your Financial Professional.

- *We have an incentive to recommend the account type that pays us the most compensation.* We can recommend that you invest through different account type arrangements, such as through a brokerage account, an account directly held with the issuer of the investment (or its transfer agent), or an investment advisory account. Depending on factors such as the type and level of services you select and the frequency of trading in your account, one of these account types may be more cost-effective for you than the others. The availability of different account types creates incentives for us to recommend the account type that results in the most compensation for us and your Financial Professional.

5.2 Conflicts for The Firm Alone

Some conflicts exist solely or largely between the firm and the customer, primarily due to the type of payments we receive from third parties or the role that the firm plays in a transaction or service provided to customers. These are examples of material conflicts for the firm that do not directly involve the Financial Professional.

- *Many issuers of the investments that our Financial Professionals recommend pay us based on the total amount of sales of their investments or the total amount of customer assets we direct to them.* These payments are sometimes called revenue- sharing payments, and are described in more detail in section 9, below. Revenue-sharing payments create an incentive for us to recommend that you purchase and/or hold investments that include such payments rather than investments that do not, or entail comparatively lower payments.

- *Many investment product sponsors or their affiliates also make payments to us to cover the costs associated with certain educational conferences or training seminars that we host for our Financial Professionals.* These payments are generally not tied directly to total sales or customer assets, but by reimbursing us for costs involved in educating our Financial Professionals about their products, these payments reduce our expenses, increase our profit, and create an incentive for us to recommend that you purchase and/or hold investments issued by sponsors that make these payments rather than investments of those that do not, or who make comparatively lower payments. Please see section 9, below, regarding the specific issuers with whom we have arrangements for revenue sharing and other similar payments.

  Pershing, our clearing broker, makes payments to us based on the amount of our total customer assets invested in certain investments as of certain dates. These payments create incentives for us to recommend that you purchase and/or hold investments that entail such payments rather than investments that do not, or entail less of such payments. In addition, certain executing broker-dealers including Pershing offer us payments for order flow, which refers to the compensation we receive for routing securities transactions to executing broker-dealers for execution. These order flow payments create incentives for us to route orders to executing broker-dealers that offer order flow payments instead of pursuing the best execution price for your transaction without regard to any order flow payments. Please see section 9, below, regarding the specific issuers with whom we have arrangements for revenue sharing and other similar payments.

5.3 Conflicts for Financial Professionals Alone

Conflicts between customers and our Financial Professionals may be caused by a variety of arrangements, including compensation arrangements, factors specific to individual customers, and outside business activities in which the Financial Professional engages. Material facts relating to these conflicts are as follows:

- *Your Financial Professional receives a larger share of the compensation we receive for performing services for you as their total annual revenue increases.* We pay our Financial Professionals a portion of the revenue that they generate in connection with providing services to customers. The revenue generated by transactions affected for customers is often referred to as the “gross

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dealer concession" or "GDC." GDC for Financial Professionals includes commission revenue attributable to brokerage transactions and investment advisory fees attributable to customer accounts, but revenue from all accounts and products is generally accorded the same weight in determining the tier or compensation band into which the Financial Professional falls.

Our Financial Professionals receive a greater percentage of the GDC as the total annual revenue they produce for the firm increases. For example, if a Financial Professional generates $100,000 of GDC is a given year, he or she may receive approximately 75% as their portion of the compensation. If the Financial Professional generates $1 million of GDC in a given year, they could receive approximately 95% as their portion. The higher percentages are not retroactive, and are only payable on incremental revenue above a specific band or threshold. These arrangements create incentives for your Financial Professional to encourage more trading and the purchase of additional investments that result in them receiving a greater percentage of the total revenue that they generate in a given calendar year.

- *Some of our managers and supervisors are paid, in whole or in part, based on the financial performance of the branches that they supervise*. Our managers and supervisors oversee the sales and marketing activities of our firm, including supervision and oversight of sales practices of Financial Professionals. The compensation of some branch managers and supervisors is tied to the level of revenue or profit of the branches or region over which they have managerial or supervisory responsibility. The tying of managers' and supervisors' compensation to the revenue or profit of the branches or regions they supervise creates an incentive for them to spend more time on increasing production levels in a given branch or region than on their supervisory responsibilities.

- *We offer loans and other financial assistance to both Financial Professionals who join us from other firms and to our current Financial Professionals.* Some of the Financial Professionals that join us from other firms are provided with forgivable loans or other financial incentives to induce them to join us. If your Financial Professional has received one of these loans or is eligible for another type of payment, it creates an incentive for your Financial Professional to encourage more trading and the purchase of additional investments that result in your Financial Professional meeting production targets so that his or her loan will be forgiven by the firm or other incentive payments will be made by the firm. This conflict becomes more acute as your Financial Professional approaches his or her milestone date. (Please see section 6, below, for more information regarding transition assistance to Financial Professionals.)

- *We offer to purchase the business of Financial Professionals under some circumstances, and the compensation payable to the Financial Professional depends upon factors including the type of accounts that their customers maintain with us.*

  In addition to transition assistance to Financial Professionals who join Cetera from other firms, we also offer arrangements under which Cetera agrees to compensate Financial Professionals for the value of their customer relationships in the event that they die, become disabled, or retire after a specified age. One such arrangement is the Legacy Builder program, which is primarily designed to allow the Financial Professional or their heirs to realize the value of their business when the Financial Professional ceases to perform investment-related services on behalf of their customers.

  If a Financial Professional wishes to participate in the Legacy Builder program, they enter into an agreement with Cetera that sets forth the circumstances under which we will purchase their business and the amount of compensation that will be paid to them, their heirs, or their estate. The amount payable is determined by the type and volume of revenue attributable to the customer accounts serviced by the Financial Professional. Revenues fall into four categories:

  - Investment advisory fees attributable to management of customer assets by the Financial Professional;
  - Investment advisory fees attributable to management of customer assets by investment managers other than the Financial Professional;
  - Recurring sales charges or other payments such as 12b-1 fees and trail payments attributable to the sale of mutual funds, annuity contracts, and other securities; and
  - Revenue attributable to sales charges or commissions that are not recurring.

  The payment to the Financial Professional is greater with respect to investment advisory fees and is lower for the other categories of revenues. As a result, if a Financial Professional chooses to participate in the Legacy Builder program and their business is ultimately purchased by Cetera, the amount of compensation payable to the Financial Professional, his or her estate, or their heirs, will be greater as the revenue attributable to investment advisory fees increases. This creates an incentive for the Financial Professional to recommend that customers enter into investment advisory relationships through RIA, instead of securities brokerage or other arrangements that do not include recurring revenues such as investment advisory fees. This creates a potential conflict between the interests of customers and both Cetera and the Financial Professional.

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Our Financial Professionals are not required to participate in the Legacy Builder program and may generally elect to withdraw from it at any time prior to a triggering event. Financial Professionals may also enter into similar arrangements with other Financial Professionals or third parties in which another individual or entity assumes obligations similar to those of Cetera under the Legacy Builder program. All such agreements are negotiated between the Financial Professional and the other party, and Cetera is not involved with them. If you have questions about your Financial Professional's participation in the Legacy Builder or other similar arrangements, please ask you Financial Professional for additional information.

- *Financial Professionals receive reimbursement for some or all of their travel and related expenses to attend events based on the revenue that they generate.* We sponsor conferences, meetings, and other educational events in various locations that are attended by our Financial Professionals. Some of these meetings include social events such as dinners and recreational activities in addition to educational or business functions. Financial Professionals receive reimbursement for some or all of their travel and related expenses to attend these events, the amount of which is generally based on the amount of revenue that they produce in a given year. Financial Professionals who produce larger amounts of revenue are generally reimbursed for a larger percentage of the cost of attending events than Financial Professionals who produce smaller amounts of revenue.

- *Some of our Financial Professionals receive additional training and support from product sponsors.* Certain product sponsors and their affiliates provide our Financial Professionals with more training and administrative support services than others. If your Financial Professional receives this additional training and support, it creates an incentive for them to recommend investments sponsored by firms that provide such training and services over those that do not, even if such investments are not necessarily in your best interest. (Please see section 6, below for additional discussion regarding marketing assistance and other payments from investment product sponsors.)

- *Some of our Financial Professionals' marketing efforts are subsidized by wholesalers.* Some of our Financial Professionals receive reimbursements or direct payments from employees of investment product sponsors as reimbursement for marketing expenses they incur in connection with the distribution of investment products sponsored by those sponsors. If your Financial Professional receives such reimbursements or direct payments, it creates an incentive for her or him to recommend investments that entail these reimbursements or payments over investments that do not, even if such investments are not necessarily in your best interest. (Please see section 6, below for additional information regarding marketing assistance and other similar payments).

- *Some Financial Professionals have outside business activities that compete for their time.* The large majority of our Financial Professionals are independent contractors and not employees of ours, and they may engage in business activities outside of their work with us. (These are commonly referred to as "Outside Business Activities, or "OBAs.") If your Financial Professional engages in any outside business activities, these activities can create an incentive for your Financial Professional to spend more time on the outside business activity rather than on his or her relationship with you. You may research any OBAs your Financial Professional has by viewing FINRA's BrokerCheck website at https://brokercheck.finra.org.

- In addition, some of our Financial Professionals offer non-securities investment products and services on their own or through entities that are not affiliated with us. Examples include sales of life, health, and property and casualty insurance and sales of investment products that are not deemed securities, such as fixed annuities. These investment products may be similar to investments that the Financial Profession offers through us, but may offer greater compensation to the Financial Professional than a similar product that we offer. This creates an incentive for Financial Professionals to recommend investment products and services that offer greater compensation to them than they could earn through provision of similar services though us.

- *Some Financial Professionals provide investment advisory services through companies that are not affiliated with us.* In addition to the non-securities-related OBAs noted above, some of our Financial Professionals offer investment advisory services through ORIAs. Aspects of the investment recommendations that Financial Professionals make to customers through ORIAs are subject to our supervision and oversight, but the services the ORIA provides and the fees they charge may be different from those available through us. If your Financial Professional offers investment advisory services through an ORIA, he or she will provide you with a written disclosure of that fact, and will provide you with a copy of the Form ADV for the ORIA. If the revenue that your Financial Professional receives from the ORIA for providing investment advisory services is greater than that which he or she would receive from us for providing similar services, they have an incentive to recommend that you contract for investment advisory services through the ORIA instead of through us.

6. COMPENSATION AND OTHER BENEFITS THAT WE PAY OUR FINANCIAL PROFESSIONALS

We provide investment-related services to customers through our Financial Professionals. They receive a portion of the compensation that you pay us in connection with providing brokerage, investment advisory, and other services to you. The portion of the compensation that they receive is negotiated between your Financial Professional and us and is primarily based on the amount of revenue that they

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produce each year. In general, the more revenue a Financial Professional produces in a given year, the greater the percentage of the gross compensation we pay them. The types and amounts of compensation payable to Financial Professionals are described below. In addition to receiving a portion of the compensation that you pay us for providing brokerage and advisory services to you, your Financial Professional may receive some or all of the following from us or third parties as additional compensation.

- *Transition Loans and Assistance:* Some of our Financial Professionals receive payments from us at the time that they join us. These payments are designed primarily to cover costs that these Financial Professionals incur in connection with transferring customer assets to us, but the amount of the payment that we make to them is often more than the amount of the actual costs incurred in the transition process. Transition assistance of this type is common in the financial services industry, and usually takes the form of a loan to the Financial Professional that may be paid off partially or in full by achieving certain milestones such as remaining affiliated with us for a specified period of time or maintaining a specified dollar amount of customer assets with us. Loans are offered to Financial Professionals at our discretion and vary in amount and terms. The principal amounts are advanced to the Financial Professional either upon joining us, or a portion upon joining with the remaining amount advanced upon a certain threshold of assets being moved to accounts with us.

- In addition to transition loans and assistance, we also offer loans or other financial incentives to Financial Professionals who are already associated with us. These loans or other financial assistance may be used to finance growth of the Financial Professional's business, to acquire assets including customer relationships and accounts from other Financial Professionals, or for other activities intended to increase the revenue of the Financial Professional.

- Loans are forgiven or paid off in parts at regular intervals based on a Financial Professional's continued affiliation in good standing with us and/or upon generating a certain amount of revenue or maintaining a specified amount of assets in customer accounts. If your Financial Professional has received a loan in connection with joining us and repayment of all or part of it is conditioned upon the Financial Professional remaining affiliated with us for a specified period of time or maintaining a specified level of assets in accounts with us, or he or she has an incentive to recommend that you deposit assets and/or establish accounts with us. Repayment or forgiveness of loans that we make to Financial Professionals is not conditioned upon the sale of any specific product or service, including specific investment advisory programs. A Financial Professional is responsible for paying back any amounts owed if he or she fails to abide by the terms of the loan or related agreements, including but not limited to failure to maintain affiliation with us. Loans of this type create an incentive for the Financial Professional to select us to service your account(s) and remain with us for the duration of the loan forgiveness term instead of joining another firm that may not offer loans or other consideration.

- *Marketing support and assistance:* We and the companies whose investment products we offer reimburse Financial Professionals for the cost of attending meetings or events in which Financial Professionals receive training and education regarding investment products that are created or managed by sponsor firms. In addition, some product sponsors reimburse Financial Professionals for costs incurred in producing educational or marketing material and events for customers or prospective customers of the Financial Professional. The amount that any given product sponsor reimburses to a Financial Professional is negotiated between the sponsor and the Financial Professional, subject to specific limits imposed by FINRA rules. You may be invited to attend seminars or training and educational meetings regarding investment products. If you attend a training or educational meeting with your financial advisor and a product sponsor is present, you should assume that the product sponsor has paid for all or a portion of the cost of the meeting or event, including the cost of travel to the event and any meals or accommodations offered. Additionally, product sponsors provide business entertainment or gifts of nominal value to our Financial Professionals and employees and reimburse them for the purchase of computer software or other similar items that they use in conducting their securities business. If a product sponsor reimburses a Financial Professional for the cost of attending educational meetings, producing educational or marketing events for customers or prospective customers, software, or other costs of marketing and promotion, the Financial Professional has an incentive to recommend that customers purchase investment products or services offered by that sponsor instead of other sponsors.

- *Other Cash and Non-Cash Compensation.* In addition to reimbursement of training and educational meeting costs, we and our Financial Professionals receive promotional items, meals, entertainment or other non-cash compensation from investment product sponsors, as permitted by applicable regulation and rules. Additionally, sales of any mutual funds, variable products, and alternative investment products, including those offered by Strategic Partners, often qualify our Financial Professionals for additional business support and for attendance at seminars, conferences and entertainment events. Some of our home-office management and certain other employees receive a portion of their compensation based on sales of products offered by Strategic Partners and sponsors of other investment products.

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7. LIMITATIONS ON THE SERVICES THAT WE PROVIDE TO YOU

We offer securities brokerage and investment advisory services and sales of insurance products. Most of our Financial Professionals offer all of these services to customers. After consultation with you, your Financial Professional will recommend the type(s) of account, products, and services that they reasonably believe best fit your circumstances and objectives, based upon the information you provide them.

Some of our Financial Professionals offer only specific types of services or products. This may be due to their desire to concentrate their business on a group of customers or services, or in some cases the Financial Professional may not have all of the qualifications (such as licenses) necessary to offer a given product or service. If your Financial Professional does not offer all of the services that are described herein or available through us, he or she will inform you the services they provide and the limitations that may result. If you have questions about limitations on the ability of your Financial Professional to provide any type of investment-related service, please consult with your Financial Professional.

We do not require a minimum investment amount in order to establish or maintain a brokerage account with us. However, many sponsors of investment products have minimum investment amounts for investment products that you purchase, and may limit investment in their products to customers who have minimum levels of investment experience, income, total assets, or liquid assets.

Please consult with your Financial Professional and review the prospectus or other disclosure document, if applicable, for any investment that you are considering to help you better understand the investment options, risks, investment conditions, and costs. If you maintain a brokerage account with us, you will pay certain charges in connection with it. (Please see section 3, above.) Certain additional charges may apply if the dollar value of the assets in your account declines below a certain level.

All of our investment advisory programs require minimum initial deposits. In our sole discretion we may waive the minimum account size. If you establish a new account and deposit funds less than the minimum opening balance requirement, your funds will not be managed until the minimum dollar amount is met. Any cash that you deposit will be placed into the Cash Sweep Program (Please see the description of our Cash Sweep Program in section 11., below) until the minimum opening balance requirements are met. Information regarding minimum investment amounts for all of our investment advisory programs can be obtained by reviewing our Form ADV Part 2A at https://cetera.com/cetera-financial-specialists/disclosures.

8. HOW WE SELECT THE INVESTMENT PRODUCTS AND SERVICES THAT WE OFFER

There are many types of securities and other investment products available to investors. We offer investments that are created and managed by many investment product sponsors. They include the investment products described in this document in addition to others. The product sponsors and specific investments that we offer will change from time to time.

We offer many different investments and investment products, but we do not offer all of the investments or investment product types that are available through other broker-dealers, financial advisers, or investment sponsors. We have a professional staff that reviews all of the investment products we offer. They consider the underlying characteristics of the product, who manages it, the risks that it involves, under what circumstances it is expected to produce investment returns, and other relevant factors. When we approve a given product, it is added to our firm's "approved products" list and may be offered to customers by our Financial Professionals. Some broker-dealers sponsor investment products themselves or offer investment products that are sponsored by affiliated companies. These are often referred to as "proprietary" products, meaning that they are created, sold, and/or managed by related entities. We offer investment advisory programs in which we manage investments and receive advisory fees, but neither we nor any of our affiliated companies create, sponsor, or manage securities or investment products.

In order to help our Financial Professionals better understand the investment products that we offer to our customers, we limit the investments they offer to those on our approved products list, and Financial Professionals are not permitted to offer or recommend any security that is not on the approved products list. The approved products list is based upon our evaluation of which investments offer a combination of characteristics, risks, and benefits that are designed with the goal of producing the expected investment outcome. All investments involve risk, and there is no guarantee that the investments we offer will produce any investment returns or returns that exceed those from comparable investments that we do not offer. All investments have a risk of loss, up to and including total loss, and in some cases exceeding the amount of the investment. We revise our approved products list from time to time based on market conditions, when new products become available, demand from our customers, and our view of economic and other conditions relating to investments.

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In providing investment advice and other services to you we rely upon information that you provide to us, including your risk tolerance, investment experience, investment timeframe, liquidity needs, income, assets in accounts with us and those that you have with other institutions, and liquid assets. In many cases, we impose limitations on the offer or sale of specific investments to our customers depending upon their circumstances and the information that they provide to us. Some investments involve higher levels of risk, may be "illiquid" (not traded on an established public market or otherwise more difficult to sell or liquidate), or may not otherwise be appropriate for all of our customers for other reasons. In some cases, we require that a customer have a specified level of income, assets, total or liquid net worth, or not exceed a certain age in order to purchase a given investment. For all of these reasons, it is important that you disclose accurately and completely all material aspects of your financial situation to your Financial Professional and to us because we rely on that information in making recommendations to you. If you would like additional information regarding investments that may be restricted to certain purchasers, please consult with your Financial Professional.

9. PAYMENTS WE RECEIVE FROM THIRD PARTIES

As an investor, it is important for you to understand the fees and charges associated with your investments, the compensation we receive, and the conflicts of interest that they create for us and your Financial Professional when we recommend investments to you. The information below is intended to help you understand various forms of compensation that we receive in addition to sales charges and ongoing compensation that we and your Financial Professional earn when you purchase a mutual fund, variable product, education savings plan, direct participation program, or alternative investment product such as a non-traded REIT or non-traded BDC.

Compensation arrangements for the investments we offer are described in more detail in the prospectus and/or Statement of Additional Information (SAI) for each mutual fund, variable product, or other investment, in the plan document for a 529 college savings plan, or in other documents prepared by the product sponsor. We have also summarized compensation that we receive in connection with certain investments in section 3, above.

In addition to the commissions and sales charges that we receive in connection with purchases and sales of mutual funds, variable products, alternative investments, and other securities, we also receive additional payments from sponsors of investment products. These include ongoing payments based on sales of products, the value of customer assets managed or held by product sponsors, and other factors described below. Your Financial Professional does not generally share in the additional payments that we receive from product sponsors. He or she receives a portion of the initial sales charge and other ongoing compensation such as 12b-1 fees that we receive from the product sponsor, but the payments described below are usually retained exclusively by the firm. Since we receive these additional payments, we have an incentive to recommend that you purchase or hold certain investment products and to encourage your Financial Professional to recommend that you purchase investments sponsored by companies that pay us additional compensation.

9.1 The Strategic Partners Program - Mutual Funds and Variable Products

We offer more than 1,000 mutual funds sponsored by more than 50 mutual fund companies, and more than 100 variable annuity and variable life insurance contracts sponsored by more than 20 insurance companies. We concentrate our marketing and training efforts on investments offered by a limited number of select and well-known investment sponsors, known as our Strategic Partners. Strategic Partners are selected, in part, based on their size, attributes of their products, technology, customer service and training capabilities. Strategic Partners receive benefits from us including more opportunities than other product sponsors to meet with and educate our Financial Professionals on investments and the products they offer. For a current list of our Strategic Partners, please see our website at https://cetera.com/cetera-financial-specialists/disclosures.

Our Strategic Partners pay us compensation in addition to the customary sales charges and ongoing compensation described above. In addition to the sales charges or commissions and 12b-1 fees that you pay in connection with purchases of mutual funds and the sales charges and trail commissions on purchases of variable products, Strategic Partners make additional payments to us. The amounts paid vary by Strategic Partner and from year-to-year. The payments from Strategic Partners do not come directly from your investment or reduce its value, and do not affect the potential return on your investment over time. Revenue-sharing is paid by the mutual fund and insurance companies and/or their affiliates out of their assets or earnings.

Strategic Partners pay us up to 0.50% of the total purchase amount of your mutual fund or variable product purchase. (For example, if you invest $10,000 in a mutual fund, we would be paid up to $50.00 in addition to the usual sales charges and ongoing fees that we receive in connection with mutual fund sales). In addition, some Strategic Partners pay us a flat fee while others pay us up to 0.15% per year based on the value of the assets you hold in the variable product or mutual fund which is broken down by fund family as follows:

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Fund Strategic Partner Payment Table		
One-time Payment Based on Sales Amount (bps* range)	**Name of Fund Family**	
5 – 10 bps	Aristotle Invesco PIMCO	PGIM Transamerica Mutual Funds

Ongoing Annual Payment Based on Assets (bps*)	**Name of Fund Family**	
2 – 10 bps	American Funds Aristotle Blackrock First Eagle First Trust Franklin Templeton	John Hancock Lord Abbett MFS PIMCO T. Rowe
10 – 15 bps	Calvert Cantor Fitzgerald Columbia Management DWS Asset Management Eaton Vance Federated Goldman Sachs Asset Management	Invesco Morgan Stanley Investment Management New York Life Mainstay PGIM Victory Capital Voya Investment Management

*Strategic Partner payments are calculated using basis points. One basis point equals .01%. For example, 10 bps on $100,000 of assets equals $100.

9.2 Conflicts of Interest in Our Revenue-Sharing Programs with Strategic Partners

We are paid more revenue-sharing fees if you purchase one type of investment product instead of another and/or if you purchase a product from one sponsor instead of another. This creates an incentive for us to recommend that you purchase or maintain investments sponsored by Strategic Partners or other product sponsors that make revenue-sharing payments to us. Our Financial Professionals generally do not directly receive any portion the revenue-sharing payments from Strategic Partners or other product sponsors described above, but they do indirectly benefit from Strategic Partner payments when the money is used to increase compensation to Financial Professionals, support costs relating to product review, marketing or training, waiver of ticket charges, or for other activities that may indirectly benefit Financial Professionals. As a result, both we and your Financial Professional have an incentive to recommend that you purchase or hold investments sponsored by companies that make revenue-sharing payments to us instead of those that do not. In general, all investment product sponsors whose products are on our approved products list pay us some form of revenue-sharing, and we do not normally include investment sponsors on our approved products list if they do not make revenue-sharing payments.

When you purchase a mutual fund or an ETP Strategic Partners in a brokerage account, we or your Financial Professional pay a transaction fee or "ticket charge" to Pershing in connection with that transaction. The amount of the ticket charge is currently up to $30 per transaction and is subject to change. The mutual fund and ETP sponsors that participate in the Strategic Partner Program subsidize some or all of these ticket charges, either as part of the compensation described above or by paying us a fee in connection with each transaction. Transactions that qualify for ticket charge waivers vary depending on the Strategic Partner. In general, the ticket charge will be waived or reimbursed by the Strategic Partner in connection with purchases of mutual funds and ETPs in the amount of $2,500 or more. The mutual funds and ETPs that we offer can also be purchased without a ticket charge by executing purchases directly with the mutual fund sponsor instead of in a brokerage account. (Please see the discussion of direct mutual fund holdings in section 2, above.) The fact that Strategic Partner firms reimburse us for all or a portion of the ticket charges applicable to transactions creates an incentive for us to recommend that you purchase mutual funds offered by Strategic Partners over those of other mutual fund or ETP sponsors.

9.3 The ETP Strategic Partner Program

In addition to mutual funds and other investment products, we offer several ETPs. ETPs generally consist of a pool of assets such as stocks or fixed-income investments, but customers do not purchase them directly from the fund sponsor. Instead, ETPs are traded on organized exchanges similar to stocks or other equities. We have an exchange-traded products Partner program (the "ETP Partner Program"), which is similar to our Strategic Partner Program. A current list of our ETP Partners is set forth below and can also be reviewed on our website, at https://cetera.com/cetera-financial-specialists/disclosures.

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An ETP Partner pays extra compensation to us in addition to commissions and sales charges that we receive in connection with purchases and sales of products that they sponsor. The additional amounts vary from one ETP Partner to another and from year-to-year. In general, an ETP Partner pays us the greater of:

- An annual flat fee of up to 0.25% (0.0025) of the ETP's net expense ratio (as set forth in the prospectus or supplement) of the Fund's average daily balance during the quarter. If 0.25% of the ETP's next expense ratio does not exceed the flat fee we would still be paid the flat fee; or

- (Up to 0.07% (.0007) annually on all of our customer assets under management by the product sponsor. (For each $10,000 average daily balance of an ETP Partner's total assets under management held by our clients, we would be paid up to $7.00 on an annual basis).

These payments are paid by the ETP Partner and/or their affiliates out of the assets or earnings of the ETP Partner and constitute additional revenue for us. They do not affect the returns on your investment.

9.3.1 Conflicts of Interest in Revenue-Sharing and Ticket Charge Waiver Programs with ETP Partners

We receive more revenue if you purchase an ETP Partner product than if you purchase a similar product from a sponsor that is not an ETP Partner. Our Financial Professionals do not directly receive any portion of these payments, but they benefit indirectly from ETP Partner payments when the money is used to support compensation to Financial Professionals, costs relating to product review, marketing or training as described above, waiver of ticket charges, or other expenditures that directly or indirectly benefit the Financial Professional. When you purchase an ETP Partner product, we absorb the ticket charge for each transaction, which would normally be paid by you or your Financial Professional. In general, the ticket charge will be waived in connection with purchases of ETP Partner products in an amount of $2,500.00 or more. If we absorb the ticket charge associated with an ETP Partner product that the Financial Professional would have otherwise had to pay, it creates a conflict of interest between your Financial Professional and you because he or she has a financial incentive to recommend an ETP Partner Product over a product from a sponsor that is not an ETP Partner.

9.4 Direct Participation Programs and Alternative Investment Products

We offer a wide variety of alternative investment products including non-traded REITs and BDCs, limited partnerships and direct participation programs, Section 1031 exchange programs, and oil and gas programs (collectively "Alternative Investment Products"). As noted above, these are often higher risk investments and are not suitable for all investors. In addition to commissions and sales charges that we receive in connection with customer purchases of these products, we receive marketing allowance payments from product sponsors. The additional compensation we receive varies with each sponsor of an Alternative Investment Product. Some sponsors pay a marketing allowance fee of either:

- Up to 0.25% (0.0025) annually on assets held in the Alternative Investment Product. (0.25% of a $10,000 investment is $25.00 per year.); or

- Up to 1.50% on the gross amount of each customer purchase, depending on the product. (1.50% of a $10,000 investment is $150.00.) These payments constitute additional revenue to us. They do not directly reduce the value of your investment or affect your investment return and are paid by the product sponsor out of the assets or earnings of the product sponsor. Your Financial Professional does not receive additional compensation for selling products from sponsors that pay us such additional compensation, but Financial Professionals benefit indirectly from alternative investment product partner payments when the money is used to support compensation to Financial Professionals or costs relating to product review, marketing or training, waivers of ticket charges or other similar expenditures.

We are paid more revenue-sharing fees if you purchase one type of Alternative Investment Product instead of another and/or if you purchase a product from one sponsor instead of another. Your Financial Professional also indirectly benefits from these sponsor payments when the money is used to support costs relating to product review, marketing or training. This creates an incentive for us to recommend that you purchase or maintain an Alternative Investment Product instead of one that does not pay us similar compensation.

For a current list of the Alternative Product sponsors that pay us additional compensation, please see our website at https://cetera.com/cetera-financial-specialists/disclosures.

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9.5 Retirement Strategic Partners Program

We also receive certain revenue-sharing payments from third parties such as retirement plan recordkeeping platforms, investment managers, and issuers of annuities that offer products to certain tax-qualified retirement plans such as Section 401(k), 403(b), 457, and other employer-sponsored retirement plans. These firms are referred to as our "Retirement Partners" and participate in activities that are designed to help facilitate the distribution of their products and services such as marketing activities and educational programs, including attendance at conferences and presentations to our Financial Professionals. These revenue-sharing payments are fixed annual dollar amounts that do not depend on the amount you invest in any product or if you utilize the services of the Retirement Partner. Retirement Partners also pay or reimburse some of our expenses or provide non-cash items and services to facilitate training and educational meetings for our Financial Professionals. These payments do not depend on the amount of the Plan's investment in any product or utilization of any Retirement Partners' service. Your Financial Professional does not receive additional compensation for selling or recommending a Retirement Partner product or service, but he or she does indirectly benefit from these sponsor payments when they are used to support costs relating to product review, marketing or training. The fact that we receive compensation from Retirement Partners creates an incentive for us to recommend that you purchase products or services from them instead of other providers who do not make similar payments to us.

9.6 Section 529 Education Saving Plans

A Section 529 education savings plan is a plan that allows individuals to save for college or other qualified education expenses on a tax-advantaged basis. Every state offers at least one Section 529 plan.

If you purchase an educations savings plan through us, we receive compensation from the program sponsor in much the same manner as when you purchase mutual funds. In addition to sales charges and ongoing payments that we and your Financial Professional receive as compensation for sales of 529 plans, 529 plan assets are included in the amount of total mutual fund or variable annuity assets for which we receive payments from Strategic Partners described above. This creates an incentive for us to recommend that you purchase products or services from them instead of other providers who do not make similar payments to us.

9.7 Insurance Agency Compensation

In addition to securities and investment advisory services, we also offer and sell insurance products that are not securities. Sales of these products may be made through us or our affiliated insurance agencies. We receive selling commissions when we sell fixed annuities and life insurance (Insurance Products) to our customers. A portion of those commissions are paid to your Financial Professional and a portion is retained by us or our affiliated insurance agencies. Although we make a wide variety of Insurance Products available, we concentrate our marketing and training efforts on those that are issued by a limited number of insurance companies (Designated Insurance Companies). Designated Insurance Companies have greater access to and more opportunities to provide training and education to our Financial Professionals. Some Designated Insurance Companies make payments to us in addition to sales commissions. These payments are generally either a flat fee or a percentage of the total premiums received by a Designated Insurance Company each year. For fixed and fixed-indexed annuities, Designated Insurance Companies pay us the greater of an annual flat fee or up to 0.50% of the total purchase amount of their products. Although these payments are not shared with your Financial Professional, your Financial Professional benefits indirectly by receiving greater training and education from Designated Insurance Product sponsors. The fact that we receive compensation from Designated Insurance Companies creates an incentive for us to recommend that you purchase products or services from them instead of other providers that do not make similar payments to us.

Lists of our Strategic Partners and the other product and platform sponsors that make revenue-sharing or other similar payments to us can be viewed on our website at https://cetera.com/cetera-financial-specialists/disclosures.

10. EMPLOYER-SPONSORED RETIREMENT SAVINGS PROGRAMS AND IRA ROLLOVERS

Many employers offer retirement savings plans in which their employees participate. These include Section 401(k), 403(b), and 457 plans, among others. If you are changing jobs or retiring, one of the most important financial decisions you may face is how to handle the money you have accumulated in your workplace retirement plan, and you may choose to transfer your retirement assets from the employer-sponsored plan to an Individual Retirement Account (IRA). You may also be considering a transfer of funds from your existing IRA to another IRA.

You generally have several options to consider in making an IRA rollover. Each of these has advantages and disadvantages and the one that is best depends upon your individual circumstances. You should consider features such as investment choices, fees and expenses, services offered, and potential tax consequences, both at the time you leave your job and afterward. (Please see "Things to Consider When Making an IRA Rollover" at https://cetera.com/cetera-financial-specialists/disclosures.)

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We provide investment advice and services to retirement plan sponsors and individual participants, but the compensation that we receive is usually much less than what we would receive in connection with similar advice and recommendations to you in connection with an IRA account. As such, we have an incentive to recommend that you transfer or roll over the assets in your employer-sponsored plan to an IRA so that we will receive compensation in the form of sales charges, commissions, and/or investment advisory fees and other types of compensation. The fees, expenses, and other costs associated with investments in an IRA will usually be higher than if you held similar assets in the employer-sponsored plan. For example, you may pay annual investment-related expenses of less than 1% in connection with purchase or ownership of mutual funds in an employer-sponsored plan, whereas if you purchase similar mutual funds in an IRA, you would pay higher fees for commissions, 12b-1 fees, and other expenses. (Please see the discussion of mutual fund share Classes in section 3, above.) For these reasons, there are conflicts between your interests and ours when we recommend that you undertake an IRA rollover.

Things you should consider in connection with a rollover include the following:

- *Fees and expenses.* Investment expenses in an IRA depend largely on the investment choices that you make, but will almost always be higher than those in your workplace retirement plan. Expenses in connection with an IRA include sales charges or commissions, management or other expenses charged by sponsors of investment products such as mutual funds or annuities, account maintenance fees, investment advisory fees, 12b-1 fees or trail payments, and others. Fees applicable to investments in an employer-sponsored retirement plan are often subsidized by the employer and therefore lower than would be applicable to purchases of similar investments in an IRA due to economies of scale and the costs applicable to different mutual fund share classes. (Please see the discussion of mutual fund share classes, particularly Class R shares, in section 3, above. You should consult with your tax professional and the administrator of your retirement plan to get an understanding of the fees and expenses charged by your current plan and compare those with the expenses that you would incur if your retirement savings were held in an IRA. It is important that you share information about your current retirement savings plans with your Financial Professional since he or she will need complete and accurate information to help with their recommendation to you.

- *Breadth of investment offerings.* In general, IRAs offer a broader range of investment products than employer-sponsored plans. You should consult with your Financial Professional or the sponsor of your employer-sponsored plan to compare the types of investment options available in each case and their associated cost.

- *Access to personalized management.* IRAs offer you the ability to receive investment advice and recommendations that relate specifically to you and you financial circumstances. Most employer-sponsored plans either do not offer personalized investment advice or have limitations on the type of advice that they offer. In some cases, your Financial Professional may be able to provide investment advice, investment recommendations, or investment management of your employer-sponsored plan account, depending on where the plan is recordkept.

- *Availability of guaranteed payments.* Annuity contracts and similar investment products often give owners the ability to receive death benefits and specified payments of income, for either a set term or for the life of the owner or other beneficiary. Most employer-sponsored plans do not offer annuity contracts or similar investment products that include guaranteed payments.

There are many sources of information about IRA rollovers and the considerations that may come into play when you make a decision. The SEC and FINRA have both published information about this process, which you can review at the following websites:

SEC: investor.gov/introduction-investing
FINRA: finra.org/investors/alerts/ira-rollover-10-tips-making-sound-decision

11. CASH IN YOUR BROKERAGE OR ADVISORY ACCOUNT – OUR CASH SWEEP PROGRAMS

At any time, you could have a cash balance in your brokerage or investment advisory account from deposits into the account, proceeds from securities transactions, dividend and interest payments, or other activities. We offer a facility referred to as "Cash Sweep Programs" that automatically moves uninvested cash balances from your account into a cash sweep vehicle chosen specifically for your account type. Based on your account type, cash balances in that account will be swept into either an FDIC-insured bank deposit program or a money-market mutual fund pending subsequent investment of the cash. If you have a cash balance in your account and do not instruct us otherwise, the cash balance will be swept from your account daily and deposited as described below.

We offer two FDIC-insured bank deposit programs (Bank Deposit Programs) that automatically move the uninvested cash balances from your eligible accounts into interest-bearing deposit accounts at one or more Bank Deposit Program banks (Program Banks). As shown in the table below, the two Bank Deposit Programs – the FlexInsured Account® and the Insured Deposit Sweep Account – are available

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to different types of investment accounts. Program Banks that participate in the Bank Deposit Programs pay us substantial fees based on the amount of cash deposited with them from customer accounts and other market factors. Our receipt of payments from Program Banks that participate in the Bank Deposit Programs creates a significant incentive for us to utilize Bank Deposit Programs for sweeping cash balances from your eligible account instead of into a money-market mutual fund, fixed income instrument, or other product.

The interest rate payable to you on balances deposited in Program Banks through the Bank Deposit Programs will almost always be lower than what you could obtain by holding a money-market mutual fund or other alternative product. Additionally, we will almost always receive more fees from Program Banks in connection with your cash in the Bank Deposit Programs than the amount of interest you receive.

As an alternative to the automatic cash sweep feature, money market mutual funds or other products are available to be purchased in your brokerage account. You can elect to discontinue the automatic sweep program at any time by contacting your Financial Professional. We reserve the right to change the eligibility criteria for the Cash Sweep Programs and may change the products available in the Cash Sweep Programs. We encourage you to review the detailed terms and conditions of the Cash Sweep Programs contained in the applicable disclosure statement or prospectus.

Default Sweep Program by Account Type

Account Type	Default Sweep Program
• Advisory Account (Non-Retirement) • Brokerage Account (Non-Retirement) • Broker Brokerage Retirement Account (excluding Brokerage 403(b))	FlexInsured Account® – Bank Deposit Program
• Advisory Individual Retirement Account	Insured Deposit Sweep Account – Bank Deposit Program
• Brokerage and Advisory 403(b) Accounts and Advisory ERISA Accounts, including Advisory 401(k), and Advisory Qualified Plan	Federated Hermes Treasury Obligations Fund – Money Market Fund Sweep

FDIC Insurance on Deposits in Program Banks

Balances on deposit through the Bank Deposit Programs are eligible for FDIC insurance up to $250,000 at each Program Bank per depositor by category of legal ownership. For example, funds held by an individual and deposited at a Program Bank are insured up to $250,000 at that Program Bank and funds held jointly by two or more people and deposited at a Program Bank are insured up to $250,000 per joint owner. Once the insurable limit at a Program Bank is reached, additional amounts are deposited in other Program Banks until the applicable program limit is reached. Any money you hold at a Program Bank outside of the Bank Deposit Programs may impact the insurance coverage available. Additionally, deposits at Program Banks are not guaranteed by the Securities Investor Protection Corporation (SIPC), which provides investors with some protection from losses if their brokerage firm becomes insolvent. Balances in our Bank Deposit Programs in excess of applicable program limits will be deposited at Program Banks and may not be FDIC insured.

More Information

For detailed information on FDIC insurance limits and the calculation of interest rates and fees, please see the applicable product disclosure, which you can obtain from your Financial Professional. A list of participating financial institutions, current rates and product disclosures are also available at the following product websites:

FlexInsured Account®: https://cetera.com/cetera-financial-specialists/disclosures
Insured Deposit Sweep Account: https://cetera.com/cetera-financial-specialists/disclosures

Money market funds are securities and are therefore eligible for SIPC protection. SIPC provides account protection when a SIPC member firm fails and is unable to meet obligations to securities customers, but it does not protect against losses from the rise and fall in the value of investments. Money market funds are securities that may increase or decrease in value. In general, money market funds are designed and managed with the objective of preservation of capital and maintenance of liquidity. Unlike bank deposits, an investment in a money market fund is not FDIC-insured or guaranteed by any other government agency. Although money market funds seek to preserve a net asset value of $1.00 per share, there is no guarantee that this will occur. It is possible to lose money by investing in a money market fund, including loss of principal.

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More Information

For more complete information about any of the money market funds available under the Cash Sweep Program, carefully read the applicable prospectus. Please consider the investment objectives, risks, charges and expenses carefully before investing. The prospectus, which contains this and other information, can be obtained by contacting your Financial Professional. You may also obtain information with respect to the current yields available on the money market funds by contacting your Financial Professional.

12. ADDITIONAL INFORMATION ABOUT US

SEC and FINRA rules provide that certain types of legal and disciplinary matters involving broker-dealers and individuals associated with them must be reported through the Central Registration Depository (CRD) system. Both we and some of our Financial Professionals have legal and disciplinary disclosures. For additional information about us and our Financial Professionals, visit Investor.gov or BrokerCheck (BrokerCheck.Finra.org), review the Form ADV Part 2B for your Financial Professional, our website https://cetera.com/cetera-financial-specialists/disclosures and your account agreement. For additional information on advisory services, see our Form ADV brochure on IARD, or on Investor.gov.

Securities offered through Cetera Financial Specialists LLC (doing insurance business in CA as CFGFS Insurance Agency), member FINRA/SIPC. Advisory services offered through Cetera Investment Advisers LLC.

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