first allied

REGULATION BEST INTEREST SUPPLEMENTAL DISCLOSURE FIRST ALLIED SECURITIES, INC.

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. When we use the terms "us," "our," or "we" in this document, they refer to First Allied Securities, Inc., our affiliated companies, and our individual representatives. If that is not the case or the context otherwise requires, we will say so.

This summary is being provided to you with a document entitled Form CRS for First Allied Securities, Inc. The Form CRS includes important information about us 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 www.cetera.com/first-allied/clients. If you have questions about your account or how we can further assist you, please contact your Financial Professional or supervisionsupport@firstallied.com.

I. INTRODUCTION

We provide securities brokerage, investment advice for a fee, and insurance services to you through one or more affiliates. 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. (A list of our affiliated companies is set forth 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 Corporation (SIPC).

Our affiliated broker-dealers are: Cetera Advisor Networks, LLC; Cetera Advisors, LLC; Cetera Investment Services, LLC; Cetera Financial Specialists, LLC; and First Allied Securities, Inc.

Our affiliated registered investment advisers (RIAs) are: Cetera Advisor Networks, LLC; Cetera Advisors, LLC; Cetera Investment Advisers, LLC; First Allied Advisory Services, Inc.; Summit Financial Group, Inc.; Cetera Advisory Services, LLC; and Cetera Investment Management, LLC.

Our affiliated insurance agencies are: Cetera Advisor Networks, LLC; Cetera Advisors, LLC; Cetera Investment Services, LLC; Cetera Financial Specialists, LLC; First Allied Securities, Inc.; Cetera Insurance Agency, LLC; Cetera Advisor Networks Insurance Services, LLC; Cetera Advisors Insurance Services, LLC; FASI Insurance Services, Inc.; FASI of TX, Inc.; SBS Insurance Agency of Florida, Inc.; and SBS of California Insurance Agency, Inc.

We have delivered a Form CRS for First Allied Securities, Inc. to you, either with this document or separately. The Form CRS describes the services that we offer to customers. We offer investment-related services to our customers through Financial Professionals. Each of them 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 provide to you, those services will be provided through one or more of our affiliates listed above. For example, if you maintain a brokerage account, it will be with First Allied Securities, Inc. If you maintain an investment advisory account, it will be with one of our RIA affiliates listed above. If you establish an advisory account with us or one of our RIA affiliates, we will furnish you with a Form ADV for that firm, which will describe the services it provides, the compensation it receives, and the relationship between your Financial Professional and the RIA. For more information about our investment advisory services, please see section XII, below.

Most 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 non-securities-related business activities that we do not supervise, such as 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. As independent contractors, our Financial Professionals 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.

In addition to their relationship with us, your Financial Professional may also provide investment advisory services through another RIA that is not affiliated with us because they are not connected to us by way of common ownership or control. These are referred to

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as “Outside RIAs” or “ORIAs.” We provide support or other services, such as trade execution and clearing, performance reporting, and operational support, to some ORIAs, but they are responsible for their own compliance policies and procedures and adherence to applicable laws. If your Financial Professional conducts investment advisory services through an ORIA, the programs and services that he or she offers through that ORIA may be different from those that are provided through us. These differences may include available investments or products, cost, custodial services, and other features. The programs and services offered through ORIAs differ from those offered by us, including variances in fees, custodial services and other features. For a complete description of the services that your Financial Professional offers, both through us and and an ORIA, please ask him or her to provide you with a written summary about each firm and the programs and services each provides. If the fees that your Financial Professional receives for providing comparable services are higher through an ORIA or are higher through us, your Financial Professional has an incentive to recommend that you select one over the other. This creates a conflict between your interest and that of your Financial Professional.

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. If there are limitations on the products or services that your Financial Professional offers through us, he or she will give you an additional summary of those limitations and how you may receive further information.

Some of our Financial Professionals work from locations in financial institutions such as banks or credit unions (Financial Institutions). In those cases, part of the compensation the Financial Professionals produce is paid to the Financial Institution at which your Financial Professional is located, based on a compensation formula agreed to between us and the Financial Institution. The Financial Institution in turn either pays a portion some 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. 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 see www.cetera.com/first-allied/clients.

II. SERVICES THAT WE PROVIDE

We offer securities brokerage services, investment advisory services, and sales of certain non-securities products, such as life insurance and fixed annuities as described below. For more information about insurance products that we offer, please see sections II. D and X., below.

A. 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 and non-traded REITS and BDCs. We will recommend purchases or sales of securities to you for your approval, but all decisions regarding transactions in your account are yours to make. If you choose to execute a transaction, we will be paid a fee or sales charge in connection with that transaction, often referred to as a commission. We also receive other types of ongoing compensation if you continue to own certain investment products. 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 for brokerage transactions, please see section VII., below.

Some customers wish to give authority to their Financial Professional to execute transactions in brokerage accounts 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 advisory relationship with us. (Please see section XII. below relating to advisory accounts.)

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 us. If you purchase or hold mutual fund shares and we receive 12b-1 fees or other ongoing compensation in connection with them, those fees and/or compensation are not intended to be compensation to us for providing ongoing advice or monitoring in connection with any investment that you own.

With respect to most transactions for fixed-income investments such as bonds, we execute transactions 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, 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 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 another dealer and apply a markup or markdown.

B. Brokerage Accounts and Direct Holdings of Mutual Funds – In order to purchase stocks, exchange-traded funds (ETFs), exchange-traded products (ETPs) and most fixed income investments, such as bonds and structured products, you must establish a 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 being held "directly" on your behalf and not in a brokerage account.

We have an agreement with Pershing, LLC (Pershing) that is referred to as the "clearing" arrangement. (Please see the discussion of the Clearing Relationships in section IX., below). As our clearing broker, Pershing executes transactions, hold funds and securities, and performs other investment-related functions for us and our customers. 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. For example, clearing brokers often charge fees for preparation and delivery of transaction confirmations and statements, wire transfers, and copies of documents. In many cases, we mark up the fees charged by clearing brokers and retain that markup as revenue. Investment sponsors do not generally charge account-related fees for custody of investments, such as mutual funds, variable annuities or alternative investments that are held directly. 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 SIPC insurance coverage, ease of executing transactions, and receiving account statements for many or all your investments from a single source. Please consult with your Financial Professional about the costs, advantages, and disadvantages of holding securities in a brokerage account and directly at a clearing broker.

C. 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 either the value of the assets under management or a fixed or hourly fee. Investment advisory services may include 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 may 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 may waive the minimum investment requirement.

D. Insurance Products and Services – We also offer insurance products, such as life insurance and annuities. Some insurance products such as variable annuities and variable life insurance are also considered to be securities and are sold through First Allied Securities, Inc. (All annuity contracts that are securities are referred to as "Registered Annuities.") Fixed insurance, including whole life, term life, and fixed and equity-indexed annuities that are not securities are sold through us 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 that they offer through other companies or share in the revenue that they produce. If you would like additional information regarding insurance products, the companies through which your Financial Professional offers insurance products, or our compensation in connection with sales of insurance products, please see section IX., below, or consult with your Financial Professional.

III. CONFLICTS OF INTEREST CREATED BY THE WAYS WE ARE COMPENSATED

All financial services professionals have conflicts of interest in dealing with clients because they have an incentive to recommend that you purchase or hold securities or contract for services that will yield them the largest amount of compensation. 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. If you maintain an investment advisory account, we have additional obligations to you, including what is referred to as a "fiduciary" duty. (Please see our Form ADV Part 2A and section XII., below, for an additional discussion of the scope of the obligations that we have to you.)

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. The compensation and incentives for performing services for you include the following:

A. Account Type – 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 you execute. We also receive ongoing compensation in connection with certain investments but, in general, if you choose a brokerage account, you will only pay us when you execute a transaction. 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. There are also charges and fees associated with maintaining a brokerage account, as discussed in section II., B., above.

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 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. (Please see the description of our advisory programs in section XII., below.) We do not have an 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.

B. 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, ETFs, variable life insurance, registered annuity products, and several types of alternative investments such as non-traded real estate investment trusts (REITs), non-traded business development companies (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.

We strongly encourage you to review the prospectus, if applicable, for any investment you are considering to help you understand all aspects of any investment that you are considering, including risks, sales charges, and other fees, including fees that we and your Financial Professional receive for as long as you own an investment, prior to executing any transaction. The following is a summary of the compensation applicable to purchases of mutual funds, registered annuities, and alternative investment products.

i. Mutual Funds – Mutual funds have a complex compensation structure (discussed at greater length in section VII., below) and include front-end sales charges or "loads," or back-end charges that you will pay. They also include ongoing compensation for as long as you own your fund investment. Front-end sales charges applicable to mutual funds that we offer vary by sponsor. The compensation structure is unique to each fund and includes different "share class" options offered by fund sponsors. Many mutual fund sponsors offer arrangements in which sales charges are reduced based upon the dollar amount of the purchase (Breakpoints) or if the customer and others such as family members and other designated individuals have other shareholdings in funds offered by the same fund sponsor ("Rights of Accumulation" and "Letters of Intent"). Some mutual fund sponsors also offer customers the right to exchange mutual fund holdings for shares of other funds offered by the sponsor without paying additional sales charges (Exchange Privileges). (Please see the discussion of Breakpoints, Rights of Accumulation, Letters of Intent, and Exchange Privileges in section VII., below). These programs vary among mutual fund sponsors, and you should review the prospectus for mutual funds that you consider purchasing to determine if you are eligible to receive the benefit of a lower sales charge through one or a combination of these programs.

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 IX., below.

ii. Registered Annuities and Variable Life Insurance – If you purchase a registered annuity contract or a variable life insurance product, we receive a sales charge from the annuity issuer as our compensation. In most cases, the sales charge is not deducted from your investment unless you surrender or liquidate the contract within a specified time period (typically 5 to 10 years). This deduction is referred to as a "surrender charge" or "contingent deferred sales charge" and is established by the annuity issuer. The surrender charges applicable to annuity contracts differ substantially and are described in the prospectus for all such products. Registered annuity contracts and variable insurance products are intended to be held for a long period of time and are not usually appropriate for holding periods of less than 10 years. However, there are circumstances in which it would be in your interest to liquidate or surrender these products in a shorter time period. Please review the prospectus for any registered annuity or variable insurance product to see the surrender charge schedule.

We currently offer only Class B registered annuity contracts in brokerage relationships. On Class B annuity contracts, we receive a sales charge equal to 6% of the purchase amount, plus a trail payment of 0.25% of the annuity contract value per year. (0.25% on a $10,000 investment is $25.00 per year.) Your Financial Professional receives a portion of the sales charge, and we retain the balance. We receive the trail payment for as long as you own the annuity contract. In addition to sales charges, we receive other payments from registered annuity issuers. These are referred to as “revenue-sharing” payments and are described in section IX., below.

Some annuity issuers offer an additional share class that is designed for use in advisory accounts in which the Financial Professional receives investment advisory fees for managing the annuity contract and the underlying investments. These annuity contracts do not generally have upfront or trail commissions. We do not offer this share class in brokerage relationships. If you would like to purchase an annuity of this share class through us, you must establish an investment advisory account.

iii. **Alternative Investments** – If you purchase an alternative investment, such as a non-traded REIT or BDC, we receive a sales charge in the amount of 7% of the purchase amount from the product sponsor. Your Financial Professional receives a portion of the sales charge, and we retain the balance. Other alternative investments, such as 1031 exchange programs and private investment funds, include sales charges that vary according to the investment. Please consult the prospectus or other offering document to review the sales charges applicable to these programs.

In addition to sales charges, we receive other payments from alternative investment sponsors. These are referred to as “revenue-sharing” payments and are described in section IX., below.

iv. **Purchases and Sales of Stocks, Fixed Income Investments, Listed Option Contracts ETFs, ETPs, and Structured Products** – When you purchase or sell these investments through us, you will pay a commission or sales charge in connection with each transaction. The commission is generally determined by the dollar amount of the transaction and the quantity of the security bought or sold. We have a standard schedule of charges for brokerage transactions, which may be viewed at www.cetera.com/first-allied/clients. Commissions on transactions in all of these securities are negotiable between you and your Financial Professional.

In addition to commissions charged in connection with transactions, you will pay certain charges in connection with maintaining a brokerage account. (See sections II., above, and X., below.) These include fees for delivery of transaction confirmations and account statements, wire transfers of funds, and several other items, all of which are revenue to the firm. The amount of the fees and charges to you is usually more than the cost that we 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. A complete list of charges applicable to your brokerage account may be viewed at www.cetera.com/first-allied/clients.

When you execute a purchase or sale of a fixed income investment, such as a bond that is not executed on an exchange, you will pay a fee referred to as a “markup” or “markdown,” which is our compensation for executing the transaction. (Please see the discussion of markups and markdowns in section II., above). Additionally, for certain ETF and ETP sponsors, we receive other payments, referred to as “revenue sharing” payments, which are described in section IX., below.

If you have any questions about the amount of compensation that we will earn from your investments, including charges and fees, please review the prospectus, if applicable, for any investment you are considering, our website and other materials you receive from us, discuss them with your Financial Professional, or contact us at supervisionsupport@firstallied.com.

C. **Different Advisory Programs** – We offer several different investment advisory programs. They have different features and costs, and we and/or your Financial Professional will receive different amounts of compensation for providing them to you. We and your Financial Professional have an incentive to recommend that you select an advisory program that will pay us a higher level of compensation than others. The advisory fees you pay us are for the investment advisory services that we provide to assist you with selecting and managing your investment allocation. Because most advisory programs purchase investments that also have their own internal or management fees (such as mutual funds), the total cost of an advisory program will be more than if you were to buy the investments outside of an advisory account.

Our advisory programs invest in securities sponsored or managed by companies, which include our Strategic Partners, who also pay us specific compensation for being a Strategic Partner. (Please see section IX., below for information regarding our Strategic Partners.) For a more complete explanation of the types of investment advisory programs we offer, please see section XII., below and the Forms ADV, Part 2A for our RIAs at www.cetera.com/first-allied/clients.

Each of the circumstances described above creates a conflict between your interest and ours.

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

We provide investment-related services to customers through our Financial Professionals. As described above, our Financial Professionals are most often independent contractors and not our employees. They receive a portion of the compensation that you pay us in connection with providing brokerage, insurance, and investment advisory services to you. The portion of the compensation that they receive is negotiated between your Financial Professional and us and is generally based on the amount of revenue that they 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, but 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 as additional compensation. These payments create a conflict of interest between your interest and ours:

- **Attendance at Conferences and Other Events** – 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 based on the amount of revenue that they produce. Financial Professionals who produce larger amounts of revenue are reimbursed for a larger percentage of the cost of attending events than Financial Professionals who produce smaller amounts of revenue.

- **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 cost 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 specified criteria. 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.

  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 maintaining a specified level of assets in accounts with us or remaining affiliated with us for a specified period of time, he or she has an incentive to recommend that you deposit assets and/or establish accounts with us, and our interest will be in conflict with yours as a result. 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, including but not limited to failure to maintain affiliation with us. Loans to Financial Professionals 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 terms instead of joining another firm that may not offer loans or other consideration but may offer the same or similar services for a lower cost. This creates a conflict between your interest and ours.

- **Marketing Support and Assistance** – Both we and 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 events for 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. 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, thereby creating a conflict between your interest and ours.

- **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 mutual fund companies, insurance companies, and alternative investment product sponsors, as permitted by regulatory rules. Additionally, sales of any mutual funds, registered annuities, variable life insurance 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 employment compensation based on sales of products of Strategic Partners and certain sponsors of other investment products. Our receipt of cash and non-cash compensation creates a conflict between your interests and ours.

V. 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, Financial Professionals 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 clients 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 give you a summary of the services that he or she provides. 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, 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 sections II., above, and IX., below). Certain 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 until the minimum opening balance requirements are met. Information regarding minimum investment amounts for all of our investment advisory program may be obtained by reviewing our Form ADV Part 2A at www.cetera.com/first-allied/clients. Please also see the description of our Cash Sweep Program in section XI., below:

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

There are many types of securities and other investment products available in the United States. We offer investment products that are created and managed by many sponsors. These include mutual funds, unit investment trusts (UITs), ETFs, ETPs, structured products, fixed, variable, and equity-indexed annuity contracts, and alternative investments. The product sponsors and specific investments that we offer will change from time to time.

We offer many investments, but we do not offer all of the investments that are available through other firms. We have a professional staff that reviews all of the investment products we offer. They consider the underlying characteristics, who manages them, the risks that they involve, under what circumstances they are expected (but not guaranteed) to produce investment returns, and other relevant factors. When we approve a given product, it is added to our firm's "approved products" list. 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 companies. We offer investment advisory programs in which we manage investments and receive advisory fees, but neither we nor any of our affiliated companies create or sponsor investment products, such as mutual funds or annuities.

In order to help our Financial Professionals fully understand the investment products that we offer to our customers, we limit the investments they offer to a specific group, and Financial Professionals are not permitted to offer or recommend any investment that is not on our 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 (but not guaranteed) investment outcome. All investments involve risk (please see section VIII., below), and there is no guarantee that the investments that 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. No investment will ever be guaranteed to produce returns, and you should contact supervisionsupport@firstallied.com immediately if you are ever told otherwise.

In providing services to you, we rely upon information that you provide to us, including your risk tolerance, investment experience, liquidity needs, income, and assets in addition to those that you have invested through us, 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" (more difficult or virtually impossible 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 many of the reasons noted in this section, it is essential 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.

VII. COSTS FOR MUTUAL FUND PURCHASES

As mentioned above, we offer a large selection of investments, and the price you pay for them differs significantly by both product and investment category. Commissions, advisory fees, hourly rates, and other transaction and account maintenance costs, and ongoing compensation can also have the effect of reducing investment returns. It is important that you speak with your Financial Professional and closely review the prospectus or other offering document, as applicable, your account agreement, and written confirmations of transactions to better understand the costs of purchasing investments through us.

Mutual Funds

When you purchase a mutual fund that is held in a brokerage account or directly at a mutual fund sponsor, you will pay a sales charge or commission at the time of the purchase. You will also pay ongoing distribution-related fees known as 12b-1 fees. Most mutual fund sponsors offer several different categories of fund shares, known as share "classes." Each share class that we make available for purchase has a different compensation structure and schedule of fees and charges. Compensation and fees and charges payable to us and your Financial Professional vary from fund to fund and from share class to share class. All of these charges will affect investment returns.

Mutual Fund Share Classes

Most mutual funds offer multiple types of fund shares, referred to as "share classes." We currently offer only Class A and Class C mutual fund shares in brokerage relationships (including directly-held fund assets). A summary of the compensation we receive in connection with each of these is as follows:

- **Class A Shares** – In purchasing Class A mutual fund shares, you will pay a front-end sales charge usually referred to as a "load," unless you are purchasing the shares in an advisory account or are purchasing a large amount (usually $1 million or more) of shares offered by the same mutual fund sponsor. The sales load is included in the price you pay (much like a commission when you purchase a security in a brokerage account). We retain a portion of the sales load and share a portion of it with your Financial Professional. The amount of the load reduces the value of your investment. Sales charges are described in a standardized fee table that is generally located near the front of the mutual fund prospectus under the heading "Shareholder Fees." Class A shares, as with other mutual fund share classes, also have internal fees and expenses, including annual operating expenses, that are paid from the assets in the fund and affect your return on investment. These fees are usually described in a fee table under the heading "Annual Fund Operating Expenses." We also suggest you read as much as possible to better understand mutual funds and the effect that fees and expenses have on your investments, including the SEC Investor Bulletin: How Fees and Expenses Affect Your Investment Portfolio at www.sec.org.

  The amount of the sales load on Class A shares varies by fund family and also varies within a fund family depending on the amount you purchase and is established by the fund sponsor. We receive a portion of the sales charge and a portion is usually paid to an affiliate of the fund sponsor known as the distributor. As you purchase larger dollar amounts of Class A shares within a fund family and achieve a stated "breakpoint" level, the percentage amount of the load decreases. The point at which a purchase of Class A shares includes a reduced sales charge or load is called a "Breakpoint." (See discussion of Breakpoints in section VII., below.) Breakpoints are described in the fund prospectus and are important for you to consider in making any mutual fund purchase. You will usually become eligible for Breakpoints as you invest more money in a fund family but not if you invest in funds offered by different fund families. In determining when you reach a breakpoint, mutual fund families often consider your existing holdings within the fund family in all of your accounts, including retirement accounts (your pension plan assets, 401(k), IRA, etc.), as well as purchases that you intend to make in the near future and holdings of designated individuals, such as immediate family members, as defined within each prospectus. When you purchase mutual funds, including Class A mutual fund shares, you should ask your Financial Professional about the availability of breakpoints and inform them about all mutual fund holdings for you and you and your family, even if made through another firm, so that they can be taken into consideration when assessing which share class may be in your best interest or you may be entitled to a breakpoint. Without knowledge of all of your mutual fund holdings, your Financial Professional cannot determine whether you are entitled to a breakpoint or the advantages of purchasing fund shares in one mutual fund family instead of another.

In addition to initial sales charges, we receive ongoing 12b-1 fees for as long as you own the fund shares. We retain a portion of these fees and share the balance with your Financial Professional. 12b-1 fees are deducted from the fund's assets and reduce the value of your investment. The 12b-1 fee for most Class A shares is 0.25% per year of the value of your fund shares (0.25% on a $10,000 mutual fund investment equals $25.00 per year). If you would like more information regarding the amount of the ongoing compensation that we receive with respect to your mutual fund, please review the prospectus for the fund and/or consult with your Financial Professional.

The amount of the sales load on Class A shares varies by fund family and also varies within a fund family depending on the amount you purchase and is established by the fund sponsor. Each mutual fund sponsor establishes its own schedule of sales charges and breakpoints, and sales charges will vary between fund sponsors and funds offered by the same fund sponsor. Sales charges and 12b-1 fees for some mutual funds will be higher than those for similar funds offered by other fund sponsors at some or all breakpoint levels. Your Financial Professional will recommend mutual funds to you based your investment objectives and other circumstances, and there will often be many similar mutual funds that he or she could recommend that would be appropriate for you. The sales charge for the fund(s) that are recommended to you may be higher than that applicable to other similar funds. Your Financial Professional has a financial incentive to recommend funds that have higher initial sales loads, higher 12b-1 fees, or both, and that creates a conflict between your interest and ours. You should review the prospectus and statement of additional information for any mutual fund that your Financial Professional recommends and ask specifically about the sales charges and expenses that apply to that fund, other similar funds, and other investment alternatives.

- **Class C Shares** – Class C shares generally have no front-end sales load but have higher annual 12b-1 fees than Class A shares and contingent sales charges if the fund holding is liquidated within less than 13 months. (Please refer to the specific fee schedule within a fund's prospectus in connection with any mutual fund purchase.) Class C shares usually have higher internal expenses (including 12b-1 fees) than Class A shares, which will affect your investment performance if you hold the Class C shares for a long period of time. A typical Class C share has a 12b-1 fee of 1.0% per year (1.0% per year equals $100.00 on a $10,000 mutual fund investment.) We receive the 12b-1 fee for as long as you own the fund shares. Some Class C shares convert automatically to Class A shares after time periods established by the fund sponsor. Where there is an automatic conversion to Class A shares, the period from purchase to conversion currently ranges from 5 to 10 years depending on the fund sponsor. If you own Class C shares that are converted to Class A shares, the annual 12b-1 fee is reduced in the year in which the conversion takes place but is not retroactive. Class C Shares are usually a better option if, at the time of purchase, you believe that you may sell your mutual fund investment in less than five (5) years and/or you have not achieved substantial breakpoints discounts associated with Class A shares.

  You should note that, in addition to the fees we receive from the mutual fund, you will pay additional expenses in connection with your investment. These include, among other things, management fees payable to the sponsor and/or their affiliates and other expenses incurred in management of the fund that you purchase. These fees will reduce the value of your investment in the fund. They are described in the prospectus for the fund, which we encourage you to read. We do not offer no-load funds in brokerage accounts or held directly with a mutual fund. These share classes may be available in our advisory accounts.

  The fact that we only offer Class A and Class C shares and share classes that include 12b-1 fees in brokerage relationships creates a conflict between your interest and ours because there are often other share classes in the same mutual fund that would be less expensive to purchase or hold. You should be aware of this conflict and discuss it with your Financial Professional, including whether mutual funds recommended for your account include 12b-1 fees or other forms of ongoing compensation. Please make sure that you review each mutual fund prospectus to help you understand the different costs and fees associated with each mutual fund and share class and the affect they have on your investment returns. The prospectus will also discuss other fee-reduction options that may be available to you that we do not offer.

  You should not assume that your funds will be invested in the share class with the lowest possible expense ratio or cost. We encourage you to discuss with your Financial Professional whether a lower-cost share class is available for a particular account and why the particular funds or other investments that you purchased are appropriate considering other mutual fund holdings, your expected holding period, investment objectives, risk tolerance, time horizon, financial condition, amount invested, trading frequency, and the amount of other fees charged.

Ask your Financial Professional if you will pay transaction charges for fund purchases and sales, whether you will pay higher internal fund expenses in lieu of transaction charges that could adversely affect long-term performance, and the relevant tax considerations of the mutual fund share classes or investments in your account. Your Financial Professional may recommend that you purchase or hold a mutual fund share class that has higher internal expenses than other share classes available for the same fund.

Many mutual fund sponsors offer share classes referred to as “Institutional,” “Advisory,” “Clean,” and Class R shares that typically have lower expense ratios, do not charge 12b-1 fees, and are less costly than Class A or Class C shares. We offer Institutional, Advisory, and/or Class R share classes in our investment advisory programs, but we only offer Class A and Class C shares in brokerage or direct accounts. We also offer “no-load” mutual funds in our investment advisory programs, and some of our customers have no-load mutual fund holdings with us, but we do not currently offer them in either brokerage or direct accounts. We do not offer Class R Shares to non-retirement plan customers.

FINRA maintains a mutual fund share class calculator that is designed to assist investors in determining which share class may be better for them. It can be located at https://tools.finra.org/fund_analyzer, and we encourage you to review it in connection with any fund purchase that you are contemplating.

Programs That May Reduce the Cost of Mutual Funds Purchases

In addition to the overall cost of purchasing and owning mutual fund shares, you should consider the possible benefits of programs offered by mutual fund sponsors in which the total value of the fund shares owned by you and your family members are aggregated to achieve breakpoints available in Class A shares, including through letters of intent, rights of accumulation, exchange privileges, or other similar terms. These include:

- **Breakpoints** – Most mutual fund sponsors offer programs under which the amount of the initial sales charge is reduced if the purchase exceeds a specified dollar amount. For example, a fund may have an initial sales charge of 5.75% of the initial investment amount for purchases up to $50,000, but for purchases from $50,000 to $100,000, the initial sales charge declines to 5% of the purchase amount. Breakpoints lowering initial sales charges or loads exist for most Class A shares, and upfront sales loads are usually eliminated entirely at a $1 million breakpoint. Each fund sponsor maintains their own breakpoint arrangements, which typically have several specified levels. Please consult the prospectus for any mutual fund that you consider purchasing to see the breakpoint schedule and discuss the options with your Financial Professional.

- **Rights of Accumulation** – Many mutual fund sponsors offer programs that allow investors to aggregate their holdings in all funds offered by the sponsor to achieve lower sales charges on additional purchases. For example, if an investor owns $250,000 of fund shares of a given fund sponsor, they may be eligible to receive the benefit of sales charge breakpoints for additional purchases. Each fund sponsor maintains their own arrangements, which typically have several specified levels. Please consult the prospectus for any mutual fund that you consider purchasing to see additional details of these programs and discuss your options with your Financial Professional.

- **Letters of Intent** – Many mutual fund sponsors offer programs that allow investors to pay lower sales charges on fund purchases by agreeing to purchase a specified amount of a fund or funds managed by the sponsor over a specified period. If you intend to make multiple purchases (sometimes referred to as “systematic purchases”) of funds sponsored by a given fund sponsor, you may be able to receive the benefit of lower sales charges applicable to your fund purchases in total. Please consult the prospectus to see the terms of any program offered by the fund sponsor and discuss your options with your Financial Professional.

- **Exchange Privileges** – Many 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.” If you intend to exchange from one fund to another, these programs may give you the ability to make multiple purchases and sales of fund shares 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.

In addition to breakpoints, rights of accumulation, letters of intent, and exchange privileges, many mutual fund sponsors offer other programs under which certain purchasers may qualify for lower or waived sales charges. Please review the prospectus for any mutual fund that you are considering to see if you may qualify for any such programs and discuss them with your Financial Professional.

As we have described above, Class A shares have higher initial sales charges but lower ongoing 12b-1 fees than Class C shares. Class C shares do not generally have initial sales charges, but they have higher annual 12b-1 fees. In order to determine which share class may be better for you, please consider potential breakpoints available to you, the time period that you expect to hold the fund shares and the amount that you plan to invest, both now and in the future. If you expect to hold the fund shares for more than five (5) years, it may be in your interest to purchase Class A shares. You will pay a higher initial sales charge, but the annual 12b-1 fee, which is calculated based on the current value of the fund shares, will be lower than with Class C shares. On the other hand, if you plan to hold the fund shares for less than five (5) years, the total amount of sales and ongoing charges you pay may be lower with a Class C share. If you plan to purchase additional fund shares in the future, you may be able to take advantage of programs offered by fund sponsors to aggregate the value of your fund holdings through breakpoints and lower the initial sales charge.

The structure of mutual fund sales charges creates incentives for us to recommend certain funds, sponsors, and share classes, and creates conflicts between our interest and yours in several different ways, including the following:

- Since the initial sales charge that we receive on Class A shares declines as a percentage of the investment amount, we have an incentive to recommend that you purchase a lesser dollar amount of any given fund so that you do not meet the breakpoint applicable to that purchase. In many cases, the amount of the initial sales charge applicable to a mutual fund purchase declines due to the effect of breakpoints based on your other fund shareholdings with the same sponsor, and we have an incentive to recommend that you purchase funds in multiple fund families instead of all in a single fund family. If your Financial Professional recommends that you purchase mutual funds from different fund families, ask about the basis for the recommendations and whether spreading your investments across fewer fund families would entitle you to take advantage of a breakpoint.

- Since we do not receive initial sales charges or commissions in connection with exchanges made within a mutual fund family, we have an incentive to recommend that you purchase Class A shares of more than one mutual fund family instead of concentrating all of your purchases within a single fund family.

VIII. UNDERSTANDING INVESTMENT RISKS

All investing involves risk, including the potential to lose the entire value of your investment. Most securities have a disclosure document referred to as a prospectus, but it may be called an offering memorandum or circular, or something else depending on the type of security you have purchased. In any case, it is important that you read these documents in their entirety prior to making any investment. As a general proposition, as the potential rate of return increases so does the risk to you and your investment. Since Financial Professionals rely on information that you give them about your investment objectives, risk tolerance, liquidity needs and other important factors, it is important that you discuss and confirm all of these factors with your Financial Professional and make sure that all of this information properly reflected on your account documents. **IT IS IMPERATIVE THAT YOU UNDERSTAND AND ACCEPT THE RISKS ASSOCIATED WITH ANY INVESTMENT PRIOR TO THE TIME THE INVESTMENT IS MADE.** Below are some, but not necessarily all, of the risks that you should consider in making any investments:

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

Market Risk – Your investment's principal value may fluctuate depending on a variety of factors. Global or domestic economic events, changes in interest rates, and changes in investor expectations or market psychology can affect how your investments perform. Fluctuations in investment values may be short-term and may not be indicative of long-term performance. Moreover, in most instances, past investment and market performance may not be indicative of future performance. Securities that are traded on exchanges or other public markets do not always reflect their fundamental economic value.

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

Interest Rate Risk – The value of any fixed income investment is based on the "coupon" or interest rate that it pays and should always be compared to the coupon or interest rate on other fixed income investments. The value of bonds and other fixed income investments fluctuates based on movements in interest rates. Generally, short-term investments are less affected by interest rate movements than long-term investments. Bond values tend to move inversely to interest rates. When interest rates rise, bond values will tend to decline. If interest rates rise and you elect to sell or liquidate a bond or other fixed-income investment prior to maturity, you may lose a portion of the principal.

Credit Risk – The risk that the company or other issuer of an investment becomes insolvent or is otherwise unable to repay their debts or other obligations according to their terms. This applies to most bonds and other fixed income investments. In general, the lower the creditworthiness or rating of your investment, the higher its risk in comparison to investments with a higher credit rating.

Liquidity Risk – The risk involved when a security is not able to be readily sold or converted to cash. Many fixed-income investments do not have active trading markets and locating a purchaser may be difficult in some cases. Most alternative investments are not traded on organized exchanges and may be difficult, if not impossible, to sell or convert to cash quickly and are considered "illiquid" as a result. If you need cash for an event in the future, an investment portfolio consisting of illiquid investments may not be right for you.

Currency Risk – Certain investments in foreign securities or in securities that invest in foreign investments may be subject to fluctuations due to the value of the U.S. dollar compared to the currencies of other nations. If you purchase a security that is denominated in a foreign currency and the value of that currency declines in relation to that of the U.S. dollar, your investment may be worth less if you liquidate it and convert the proceeds to U.S. dollars.

Individual Security Risk – Some securities involve higher levels of uncertainty and greater risk of price declines. Typically, low-priced securities, newly-issued securities, low-rated or unrated fixed-income securities, and securities for which there is no ready market and cannot be readily sold (such as non-traded REITs, BDCs, and limited partnerships) are considered more speculative than the securities of more mature companies and therefore carry a higher level of risk. You should avoid higher risk securities if you are not willing or capable of taking the risk of loss associated with investing in them.

Margin Risk – Margin risk is a significant risk and is not appropriate for many investors. Margin is a form of credit that you may use to purchase securities in which you borrow some portion of the funds from your broker-dealer to purchase an investment. Use of margin allows you to purchase a larger dollar amount of securities with the same amount of equity in your account and can magnify the gain or loss on any securities that you purchase. When using margin, you allow us or our clearing broker to use the securities in your account as collateral for repayment of the loan amount, and you agree to pay interest on the loaned funds. Margin loans must be repaid in full, and it is possible that you may lose more on an investment than the amount that you paid to purchase it. If the securities decline in value, so does the collateral supporting the loan, and you may receive a "margin call." A margin call requires that you add additional funds to the account, or we may sell some of the securities in the account to repay all or part of the margin loan. If you receive a margin call and do not timely add additional funds to address it, we can choose which securities in the account to sell. You are responsible for any shortfall in the account after such a sale. We will usually contact you before selling securities in the account to meet margin requirements, but we are not required to do so. The use of margin in an account can increase the impact of a decline in the value of any securities, and you may lose more than the value of your initial investment. Before utilizing margin to purchase securities, you should thoroughly discuss, understand, and be prepared to accept all of the risks and requirements with your Financial Professional.

Risk Tolerance and Diversification – Every investment you make can be affected by one or more of the risks noted above and/or other unknown risks. It is important for you to consider your risk tolerance, investment timelines and goals before making any investment decision. Diversification is a basic principle of investing that helps balance potential returns against risk. It generally involves owning several securities at the same time, as opposed to placing all your investment funds in a single investment or a small number of investments. Rather than putting all your assets in one type of investment, you may be able to reduce the risk of loss on your portfolio of investments by diversifying among several different types of investments with different characteristics. Your Financial Professional can help you determine your risk tolerance, timeline and goals and work with you to develop a personal investment plan that makes the most sense for you.

Concentrated Investment Strategies – Concentrated investment strategies, such as those in which a large portion of your investment portfolio is invested in a small number of securities or industries, are not appropriate for most investors because they involve a higher level of risk. If you invest in a portfolio or strategy that is concentrated in a given company, industry, or investment type, your portfolio will be more likely to sharply increase or decrease in value with changes in the markets affecting the specific sector or industry. Concentrated strategies are more volatile because the risk associated with each security represents a large percentage of your overall portfolio value.

Option Contracts – Listed option contracts are securities that give investors the right to purchase or sell a given quantity of a security or other investment for a specified period of time at a specified price. There are many strategies or programs for trading listed option contracts, including the selling (writing) of covered "call" options or the purchase or sale of "put" options on a security. Trading in options is not appropriate for many investors as it involves a higher level of risk and requires a greater degree of investment experience. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away, and you will no longer own it. The risk of buying puts is limited to the loss of the premium paid for the put option if it is not exercised or otherwise sold by the program account. If you sell a put option on a security that you do not own, you may lose more than the proceeds of the put option that you sold and are exposed to risk of loss up to the amount of the securities underlying the put option.

Exchange-Traded Funds (ETFs) – ETFs are typically investment companies that are legally classified as open-end mutual funds or unit investment trusts (UITs), but they differ from traditional mutual funds. ETFs are listed on a securities exchange and can be bought and sold throughout the trading day like shares of other listed companies. ETFs are not appropriate for all investors. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price for an ETF is often referred to as the "spread." The spread will vary over time based on the ETF's trading volume and market liquidity. The spread is generally lower if the ETF has a large trading volume and market liquidity and higher if the ETF has little trading volume. Although many ETFs are registered as investment companies under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as investment companies. ETFs may be closed and liquidated at the discretion of the issuing company.

Structured Products – Structured products are complex products and higher risk investments that are not appropriate for many investors. 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. Structured products frequently limit the upside participation in the reference asset. Structured products are generally unsecured debt of the issuer and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading 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 nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product is listed or traded on an exchange. 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.

Alternative Investments – Alternative investments are complex and often higher-risk products that are not appropriate for all investors. Alternative investments, such as non-traded REITS, BDCs and private investment funds, are subject to various risks such as liquidity risk, pricing mechanisms, and specific risk factors associated with the particular product. For investment products associated with real estate, the risks include, but are not limited to, property devaluation based on adverse economic and real estate market conditions.

Investors considering an investment strategy utilizing alternative investments should understand that alternative investments are generally considered speculative in nature and involve a high degree of risk, particularly if concentrating investments in one or few alternative investments or within a particular industry. The risks associated with alternative investments are potentially greater and substantially different than those associated with traditional equity or fixed income investments.

IX. COMPENSATION WE RECEIVE FROM THIRD PARTIES

As an investor, it is important for you to understand the compensation and other fees and charges associated with your investments and the conflicts of interest that we and your Financial Professional have when offering and recommending 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, registered annuity, variable life insurance contract, 529 college savings plan, direct participation program, or illiquid alternative investments such as non-traded REITs and BDCs.

All of these forms of compensation create conflicts of interest, and it is important for you to assess them before making an investment decision. Our compensation arrangements are described in more detail in the prospectus and/or statement of additional information (SAI) for each mutual fund, registered annuity, variable life insurance contract, or other investment, in the plan document for a 529 college savings plan, or in other documents prepared by the product sponsor.

In addition to the transaction-based compensation that we receive in connection with purchase of mutual funds, registered annuities, alternative investments, and other securities, we also receive additional payments from sponsors of many 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 described below. He or she receives a portion of the initial sales charge and other ongoing compensation that we receive from product sponsors, but the payments described below are usually kept by us. Since we receive these additional payments, we have an incentive to recommend that you purchase or hold investment products which are sponsored by the companies that pay us these additional amounts and to encourage your Financial Professional to recommend that you purchase investments sponsored by companies that pay us additional compensation. This creates a conflict between your interest and ours.

A. Mutual Fund, Registered Annuity and Variable Life Insurance Contract Revenue-Sharing and the Strategic Partners Program – We offer more than 1,000 mutual funds sponsored by more than 50 mutual fund companies and more than 100 variable life insurance and registered annuity contracts sponsored by more than 20 insurance companies. We concentrate our marketing and training efforts on those investments offered by a smaller number of select and well-known investment sponsors, known as our Strategic Partners. Strategic Partners are selected, in part, based on the 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 www.cetera.com/first-allied/clients.

Our Strategic Partners pay us compensation in addition to the usual sales charges and ongoing compensation described above. The additional amounts Strategic Partners pay us vary by Strategic Partner and from year-to-year. The payments from Strategic Partners described above 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. At present, Strategic Partners pay us up to 0.50% of the total amount of your mutual fund or registered insurance product (i.e., variable life insurance and registered annuity) purchase. (For example, if you invest $10,000 in a mutual fund, we would be paid up to $45.00 in addition to the usual sales charges and ongoing fees that we receive in connection with mutual fund sales). In addition, Strategic Partners make payments of up to 0.15% per year based on the value of the assets you hold in the mutual fund or annuity product for the entire period in which you own it. (For example, on a mutual fund holding of $10,000, we would receive up to $15.00 per year). Alternatively, we receive compensation from the mutual fund or insurance company as either (1) a flat fee regardless of the amount of new sales or assets held in client accounts or, (2) a flat fee or an amount based on assets and/or new sales as referenced above, and (3) reimbursement for "ticket charge" payments described below.

B. Conflicts of Interest in Our Revenue-Sharing Programs with Strategic Partners – We are paid more revenue-sharing fees if you purchase one type of 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 support costs relating to product review, marketing or training, or for waiver of ticket charges, as described below. 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. This creates a conflict between your interest and ours.

When you purchase a mutual fund or an ETP partner product in a Pershing brokerage account, we or your Financial Professional pay a transaction fee or "ticket charge" to the clearing broker 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 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 per trade fee that varies by clearing broker. Transactions that qualify for ticket charge waivers vary depending on the particular Strategic Partner. In general, the ticket charge will be waived for the purchase of certain mutual funds in an amount of $2,500 or more. The mutual funds that we offer can also be purchased without a ticket charge by processing the transaction with a check and application sent directly to the mutual fund company. (Please see the discussion of direct mutual fund holdings in section II. B., 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 sponsors, and therefore creates a conflict between your interest and ours.

C. Our Relationships with Our Clearing Firm: Pershing – Pershing is the "clearing" firm for our brokerage business. It executes and clears securities transactions, acts as custodian for funds and securities in customer accounts, and performs other services related to ownership of securities on behalf of our customers. The clearing firm receives payments from third parties in connection with their business activities, and we also receive a portion of other revenue that Pershing is paid on the assets held in your account. When you pay fees or other costs in connection with transactions in your brokerage accounts at Pershing, the clearing broker retains a portion and pays us the rest. This compensation is an additional source of revenue for us and defrays our costs associated with maintaining and servicing client accounts.

Pershing has made a payment to us in consideration of renewing our clearing agreement with them in 2019. Pershing also pays us, on a quarterly basis, a payment related to increases (measured beginning in October, 2019) in the number of customer accounts that we introduce to Pershing (ranging from $0.00 to $7.25 per account annually) and growth in client assets maintained in Pershing accounts (ranging from 0.00% to 0.0052% of client assets). Pershing also provides consulting and other assistance to us.

The fees that you pay for transactions or other services for which we receive revenue fee is not reduced or offset as a result of any revenue that our clearing broker shares with us. The fact that we receive this compensation from our clearing brokers gives us an incentive to recommend that you establish accounts and deposit additional assets in accounts with them, and creates a conflict between our interest and yours.

The following is a brief description of some of the revenue items received from our clearing broker.

- Pershing receives revenue from money-market mutual funds that we make available as a cash sweep option and for non-retirement accounts that choose to invest cash in those funds. (Please see the description of our Cash Sweep Program in section XI., below.) Pershing shares some of that revenue with us.

- Pershing reimburses us for a portion of the termination and transfer fees incurred by accounts that transfer to us from other broker-dealers and that otherwise qualify for such assistance. We credit such reimbursements to your account if and to the extent that we receive them. In addition, Pershing may, from time to time, waive or discount certain customary fees and expenses in an effort to help attract client accounts and assets.

- Pershing receives revenue from money-market mutual funds and share that revenue with us if you purchase shares of those money market mutual funds in your Pershing brokerage account. You have options with respect to investment of cash held in your brokerage account. (Please see the description of our Cash Sweep Program in section XI., below.). In addition, in connection with accounts for which we do not provide investment advisory services, Pershing also pays us a share of the service fees it receives from mutual fund companies that participate in Pershing's FundVest® no-transaction-fee program. Under the FundVest® program, many no-load mutual funds can be purchased subject to program requirements and other restrictions. To the extent that we receive payments from Pershing with respect to any of these activities or services, we have an incentive to recommend that you utilize them instead of other alternatives, which creates a conflict between your interest and ours.

- Pershing pays us a referral fee if we refer your Financial Professional to them to obtain custody services for their ORIA. This fee is based on the assets transferred to Pershing's custody. If Pershing solicits your Financial Professional to establish a custody arrangement with Pershing, Pershing will also pay us a solicitation fee based on the assets transferred to Pershing's custody. We have an incentive to retain assets in Pershing accounts, and this presents a conflict between your interest and ours. We share some of the revenue received from Pershing with your Financial Professional.

D. Exchange-Traded Products 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 like stocks. 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, which is updated from time to time www.cetera.com/first-allied/clients.

Although we offer many ETPs, we concentrate our marketing and training efforts on those investments offered by select and well-known ETP Partners. An ETP Partner is selected, in part, based on the competitiveness of its products, its technology, its customer service and its training capabilities. An ETP Partner has opportunities for greater and more frequent exposure to our Financial Professionals, and therefore, more opportunities to market and educate them on investments and the products they offer.

An ETP Partner pays extra compensation to us in addition to what 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 as follows: (1) the greater of an annual flat fee or up to 0.25% (0.0025) of the ETP's net expense ratio (as set forth in the prospectus or supplement) of your investment's average daily balance during the quarter (for example, 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 (2) up to 0.07% (.0007) annually on all assets under management. (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 constitute additional revenue to us. They 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.

E. Conflicts of Interest in Revenue-Sharing and Ticket Charge Waiver Programs from ETP Partners – A conflict of interest exists if your Financial Professional recommends that you purchase ETP Partner products, since we receive more revenue if you purchase an ETP Partner product than if you purchase a 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 costs relating to product review, marketing or training as described above, or for waiver of ticket charges. 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 for the purchase 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.

F. **Direct Participation Programs and Alternative Investment Products –** We offer a wide variety of alternative investment products including non-traded REITs and BDCs, limited partnerships, 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 compensation 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 (1) 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 (2) up to 1.50% on the gross amount of each purchase, depending on the product. (1.50% of a $10,000 investment equals $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 costs relating to product review, marketing or training, or for waivers of ticket charges.

We are paid more revenue-sharing fees if you purchase one type of Alternative Investment Product instead of another and/or 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, which creates a conflict between your interests and ours.

For a current list of the Alternative Product sponsors that pay us additional compensation, please see our website at www.cetera.com/first-allied/clients.

G. **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), 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. For a current list of our Retirement Partners, please see our website at www.cetera.com/first-allied/clients. 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, which creates a conflict between your interests and ours.

H. **Section 529 College Saving Plans –** A Section 529 plan is a college savings 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 a 529 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, and creates a conflict between your interests and ours.

I. **Insurance Agency Compensation –** In addition to securities and investment advisory services, we also offer and sell insurance products. Sales of these products may be through us or our affiliated insurance agencies. We receive sales 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 Insurance Products 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 calculated based on a flat fee or 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 Insurance Products. Although these payments are not shared with your Financial Professional, your Financial Professional benefits indirectly by receiving greater training and education. 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. This creates a conflict between your interests and ours.

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 www.cetera.com/first-allied/clients.

X. EMPLOYER-SPONSORED RETIREMENT SAVINGS PROGRAMS AND IRA ROLLOVERS

Many employers maintain tax-qualified retirement savings plans on behalf of their employees. These include Sections 401(k), 403(b), and 457 plans, among others. If you are changing jobs or retiring, one of the most important decisions you may face is how to handle the money you have accumulated in your retirement plan. You may also be considering a transfer of funds from an existing individual retirement account (IRA) to another. 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 www.cetera.com/first-allied/clients.

Investment expenses for an IRA will almost always be higher than those in your employer's retirement plan and depend largely on the investment choices that you make within an IRA. These expenses 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, and others. 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 are 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.

We do not receive compensation from you or the plan sponsor for giving you advice or offering you securities or other services while your retirement assets are in an employer-sponsored plan. 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 or other fees. The fees, expenses, and other costs of maintaining an IRA will usually be higher than if they remained in the employer-sponsored plan. For these reasons, there are conflicts between your interests and ours when we recommend that you undertake an IRA rollover.

There are many other sources of information about IRA rollovers and the considerations that may come into play when you make your decision. The SEC and FINRA have both published information about this process. You may want to review them at the following websites:

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

XI. TREATMENT OF CASH IN YOUR BROKERAGE OR ADVISORY ACCOUNT – OUR CASH SWEEP PROGRAM

At any time, you may have a cash balance in your brokerage or investment advisory account from deposits in the account, the proceeds of securities transactions, dividend and interest payments, or other activities. We offer a facility referred to as the "Sweep Program" that moves the uninvested cash balances in your account into a sweep product chosen specifically for your account type. Based on account type eligibility, cash balances in an account will be swept to either an FDIC-insured bank deposit program or a money-market mutual fund. 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. Banks that participate in the sweep program pay us fees based on the amount of cash, including from your account(s), that is deposited with them. Our receipt of payments from banks that participate in the Sweep Program creates an incentive for us to recommend that you use the Sweep Program for cash balances in your account instead of investing cash balances in a different way, such as in a money-market mutual fund or short-term fixed income investment. This creates a conflict between your interests and ours. The interest rate payable to you in the sweep program will usually be lower than the rate you could obtain by investing your available cash in other short-term investments, such as money-market mutual funds.

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

We receive fees from the banks that participate in the Bank Deposit Programs. We also receive fees from our clearing broker in connection with investments in certain money-market mutual funds. The fact that we receive fees from participating banks and clearing broker creates an incentive for us to recommend that you utilize the Sweep Program for cash balances in your account instead of investing them in a different way, such as in short-term fixed income investments, such as U.S Treasury securities, corporate obligations, or money-market mutual funds other than those that are utilized in the Sweep Program. This incentive for you to utilize the Sweep Program creates conflicts between your interest and ours. The interest rate payable to you on balances deposited in participating banks in the Sweep Program will usually be lower than the rates that you could obtain by investing your available cash in other short-term investments, such as money-market mutual funds. Depending upon prevailing interest rates, there will be periods of time in which the fees we receive from participating banks and clearing brokers in connection with the Sweep Program will be greater than the amount of interest or return that you receive from the bank or money-market mutual fund. As an alternative to the automatic sweep feature, many different money market mutual funds can be purchased in your brokerage account.

Your uninvested cash balances will be swept into a sweep product pending investment of the cash. If your account is held at Pershing, eligibility for each sweep product will be based on account type, as detailed in Table 1 below. Generally, each account will be eligible for a single sweep product chosen specifically for that account type. You may elect to turn off or discontinue the automatic sweep feature by contacting your Financial Professional. We reserve the right to change the eligibility criteria for sweep products and may change the products available for your selection. For the sweep products described below, we encourage you to review the detailed terms and conditions contained in the applicable disclosure statement or prospectus.

Table 1. Default Sweep Product by Account Type (Pershing)

Account Type	Default Sweep Product
Advisory Account (Non-Retirement) Brokerage Account (Non-Retirement) Brokerage Retirement Account (excluding Brokerage 403(b))	FlexInsured Account® – Bank Deposit Program
Advisory Individual Retirement Account	Insured Deposit Sweep Account – Bank Deposit Program
Advisory ERISA Account, including Advisory 401(k), Advisory 403(b) and Qualified Plan	Federated Hermes Treasury Obligations Fund – Money Market Fund Sweep
Brokerage 403(b) Account	Federated Hermes Trust for US 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 subsequent 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 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®: www.cetera.com/first-allied/clients/flexinsured
Insured Deposit Sweep Account: www.cetera.com/first-allied/clients/idsa

Using a Money Market Fund as a Sweep Vehicle – A money market fund sweep automatically moves your uninvested cash balances into a money market mutual fund. Eligibility for specific money market funds is based on the type of account that you maintain with us. For eligibility, please see Table 1 above.

Money market funds are securities and are therefore eligible for SIPC protection. SIPC provides account protection when a SIPC member firm fails financially 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, however, 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.

More Information. For more complete information about any of the money market funds available under the 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.

XII. INVESTMENT ADVISORY PROGRAMS

In addition to the brokerage services described above, we offer a number of different investment advisory services. These include financial planning and analysis and several different types of asset management programs that are described in more detail below. All of our investment advisory services are described in our Form ADV Part 2, which can be reviewed at www.cetera.com/first-allied/clients. As we have stated above, investment advisory services are different from brokerage services in several respects. When you execute a brokerage transaction through us, we receive sales charges or commissions in connection with each purchase, in addition to certain types of ongoing compensation. When you enter an investment advisory relationship with us, you pay us fees that are based upon the value of the assets being managed or a fixed or hourly fee. We do not receive sales charges, commissions, or ongoing compensation, such as either 12b-1 fees or trail commissions with respect to those investments, but we do receive revenue-sharing compensation from Strategic Partners and other product sponsors for all advisory accounts, with the exception of certain accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Many investments, such as mutual funds and annuity contracts, have their own internal fees that are paid to the sponsor or its affiliates in connection with managing those assets. These fees will be deducted from the value of your investment, and you will pay them in addition to the fees that you pay us for managing your account.

Most of the investments that we manage in advisory accounts can also be purchased either in a brokerage account or directly through the product sponsor. In our investment advisory programs, we offer ongoing monitoring of the investments in the account, and in some programs, we offer discretionary trading authority. If you purchase investments in a brokerage account, we will not provide either ongoing monitoring or discretionary trading, but you will not pay us investment advisory fees with respect to the investments, and the cost of owning them will often be lower than if you pay us advisory fees. This creates an incentive for us to recommend that you establish an investment advisory account and pay us fees for providing those services and creates a conflict between your interest and ours.

As mentioned in section II., above, some of our Financial Professionals also offer investment advisory services though ORIAs that are not affiliated with Cetera. The programs and services they offer and the fees they charge may be different from those that we offer. Your Financial Professional may simultaneously offer investment advisory services through us and the ORIA. If the fees that we charge are different from those available for comparable services through an ORIA, your Financial Professional has an incentive to recommend that you select one over the other. This creates a conflict between your interest and that of your Financial Professional. For a complete description of the services that your Financial Professional offers through an ORIA, please ask them to provide you with a summary.

Each of our advisory programs is described in more detail in our Form ADV Part 2. We encourage you to review at it www.cetera.com/first-allied/clients.

Advisory Service Programs

We offer several advisory services and programs. The specific advisory program that you select may cost you more or less than purchasing the services offered in each program separately. Factors that bear upon the cost of a particular advisory program in relation to the cost of the same services purchased separately include, but may not be limited to, the type and size of the account, the historical and/or expected size or number of trades for the account, and the number and range of supplementary advisory and client-related services provided to the account. For more detailed information about our advisory programs and services, please see our Form ADV Part 2 at www.cetera.com/first-allied/clients.

The following is a list of our advisory programs:

- Programs that we and our affiliates sponsor:
  - Managed Wealth ADVANTAGE®
  - Mutual Fund/Exchange Traded Funds Advisory Program
  - Preferred Asset Management® Services
  - Premier Portfolio Management
  - Prime Portfolio Services
  - xMA® Next Generation Managed Account Program

- Programs that are co-sponsored with other firms
  - Consulting Services
  - Financial Planning
  - My Advice Architect Program
  - Plan Advice and Consulting Services
  - TPMM Programs

The Pershing FundVest Mutual Fund Program offers a wide range of mutual funds. Pershing, at its sole discretion, may add or remove mutual funds from the FundVest Program without prior notice. In the FundVest Program, transaction costs are waived on certain purchases that would normally carry a transaction charge, which presents a conflict of interest to your Financial Professional in a Prime Account because he or she has a financial incentive to recommend a FundVest mutual fund that does not assess transaction costs over a mutual fund that does assess transaction costs. We also receive the short-term redemption fees that Pershing charges you for certain FundVest mutual fund shares that are redeemed within six calendar months of purchase. This compensation is a source of revenue for us and presents a conflict of interest whenever your Financial Professional recommends that you redeem a FundVest mutual fund within six calendar months because we receive a financial benefit from such transaction. This compensation, however, is retained by us and is not shared with your Financial Professional, so your Financial Professional does not have a financial incentive to recommend certain FundVest mutual funds be redeemed within six calendar months.

Pershing also pays us a fixed amount of the service fees it receives from certain fund companies that do not participate in the FundVest program. These payments are in exchange for certain services we provide to Pershing and to clients that hold positions in funds sponsored by such mutual fund companies. This additional compensation presents a conflict of interest because we receive a financial benefit from mutual fund companies that pay this fee as opposed to those that do not. This compensation, however, is retained by us and is not shared with your Financial Professional, so he or she does not have a financial incentive to recommend certain mutual funds over other investments.

An Important Note About Borrowing Money (Use of Margin) in Advisory Accounts

A margin account is an account where you may borrow funds for the purpose of purchasing securities. As stated above, margin accounts are not appropriate for many investors. You may also use a margin account to borrow money to pay for fees associated with your account or to withdraw funds. If you decide to open a margin account, please carefully consider that: (i) if you do not have available cash in your account and use margin, you are borrowing money to purchase securities, pay for fees associated with your account or withdraw funds; and (ii) you are using the securities that you own as collateral.

Money borrowed in a margin account is charged an interest rate that is subject to change over time. This interest rate is in addition to other fees associated with your account. We retain a portion of the margin interest charged, which is a source of revenue for us. This compensation presents a conflict between your interest and ours, since we receive a portion of the interest that you pay in connection with a margin debit balance in your account. However, we retain all of this compensation and do not share it with your Financial Professional, so they do not have a financial incentive to recommend that you maintain a margin balance. Your Financial Professional does have a conflict of interest when recommending that you purchase or sell securities using borrowed money or margin. This conflict occurs because your advisory fee is based on the total market value of your account. If you have a margin debit balance (in other words you have borrowed and owe money to us or our clearing broker), your margin debit balance does not reduce the total market value of your account. In fact, since you have borrowed money to purchase additional investments, the total market value of your account will be higher, which results in a higher advisory fee. As noted above in this document, using margin is not appropriate for many investors and involves higher risk. Please carefully review the applicable margin disclosure documents for additional risks involved in opening a margin account.

Third-Party Money Manager Programs

We offer third-party money manager programs (TPMM Programs) that provide you with the opportunity to have your portfolio professionally managed by outside money managers. TPMM Programs offer clients access to a variety of model portfolios with varying levels of risk from which they may choose. TPMM Program accounts are not managed by us or our affiliates. They are managed by one or more third-party portfolio managers on a discretionary basis. TPMM Programs may consist of a variety of different securities types, including stocks, bonds, and mutual funds. We are not the sponsor of these TPMM Programs.

We may act in either a "solicitor" or "subadviser" capacity in connection with TPMM programs, as described below.

Solicitor – When acting as a solicitor for a TPMM Program, we do not provide advisory services in relation to the TPMM Program. Instead, your Financial Professional will assist you in selecting one or more TPMM Programs believed to be suitable for you based on your stated financial situation, investment objectives, and financial goals. The TPMM will be responsible for assessing the suitability of their products against your risk profile. We are compensated for referring you to the TPMM Program. This compensation generally takes the form of the TPMM sharing a percentage of the advisory fee you pay to the TPMM with us. When we act as a solicitor for a TPMM Program, you will receive a written solicitor disclosure statement describing the nature of our relationship with the TPMM Program, if any, the terms of our compensation arrangement with the TPMM Program, including a description of the compensation that we will receive for referring you to the TPMM Program, and the amount, if any, that you will be charged in addition to the advisory fee that you will pay to the TPMM as a result of our referral of you to the TPMM Program.

Advisers and Subadvisers – Under an adviser or subadviser relationship between us and the sponsor of the TPMM Program, we and the TPMM are jointly responsible for the ongoing management of the account. Your Financial Professional is responsible for assisting you with completing the investor profile questionnaire. While each TPMM may have a different name for their questionnaire, your responses will assist your Financial Professional with understanding your investment objectives, financial situation, risk tolerance, investment time horizon and other personal information. Based on the answers that you provide to your Financial Professional, he or she will assist you in determining which TPMM model or portfolio strategy is appropriate for you. We are compensated for providing advisory services to you regarding the selection of a TPMM Program. This compensation generally takes the form of the TPMM sharing a percentage of the advisory fee you pay to the TPMM with us. As part of establishing a new account, you will receive both our disclosure brochure as well as the TPMM's disclosure brochure.

Since each TPMM is uniquely structured with different investment products, please ensure that you carefully review all documents provided to you on behalf of the TPMM. These include, but are not limited to:

- The TPMM's Form ADV Part 2A or Disclosure Brochure for specific program descriptions.
- The TPMM's client agreement as well as any other agreement entered into regarding a TPMM Program for specific contractual terms (including fees, billing methods, administrative and other fees).
- Any additional disclosure or offering documents provided by the TPMM in connection with investment products.

Financial Planning and Consulting Services

We offer several financial planning services, including retirement planning, insurance analysis, education planning, and tax-efficient investing strategies. We provide these services for a fixed or hourly fee that we will agree upon with you prior to the engagement. Upon completion of these financial planning services, we will provide you with a written summary of our work, conclusions, and recommendations. We may recommend that you retain us to perform ongoing advisory or brokerage services to you. If you choose to establish an advisory account or execute brokerage transactions through us, you will pay us additional fees, sales charges or commission for providing these services, which are not included in the fees that you pay for financial planning services. As part of any financial planning engagement, we have an incentive to recommend that you establish brokerage or investment advisory accounts with us, from which we will earn revenue. This creates a conflict between your interests and ours.

Plan Advice and Consulting Services

Retirement plans subject to the provisions of ERISA may retain us to provide advisory and consulting services to certain retirement plans. In providing these services, we may act as a fiduciary, as defined under Section 3(21)(A)(ii) of ERISA and will adhere to the provisions outlined by ERISA. In performing consulting services, we are acting solely as an agent and at the plan's direction. We receive fees based on a percentage of the assets in the plan or a flat or hourly fee for the services we provide.

We do not offer any of the following services in connection with plan advice and consulting:

- Custody and trade execution – Taking custody or possession of any plan assets, ensuring that contributions by the plan or from participants are deposited timely with the trustee or custodian for the plan, or executing orders for trades or securities transactions with respect to the plan's assets.
- Employer stock funds and brokerage windows – Providing advice regarding the prudence of plan investments in any employer stock or providing guidance to participants concerning investments through any brokerage account window under the plan.
- Proxies – Rendering advice on, or acting with respect to, the voting of proxies solicited on behalf of securities held in trust by the plan, or the exercise of similar shareholder rights regarding such securities.
- Discretionary plan administration – Interpreting the plan, determining eligibility under the plan, distributing plan assets to pay benefits or expenses, determining benefit claims, or making any other discretionary decisions with respect to the administration of the plan.
- Legal or tax advice – Reviewing or amending plan documents for compliance with changes in tax qualification requirements or providing legal or tax advice on matters relating to the plan, including advising on whether plan investments will result in unrelated business taxable income.
- Participant advice – Furnishing any fiduciary "investment advice" within the meaning of ERISA to participants relating to any participant-directed investments under the plan. Any personal investment-related services provided by Financial Professionals to individuals, including but not limited to individuals who are plan participants, will be unrelated to plan advice and consulting services.
- Regulatory notices and reports – Distributing summary plan descriptions, elections, and any other notices required by law to participants, or filing any governmental reports for the plan or client.

Investment Fiduciary Manager Program

We offer investment fiduciary advisory services to participant-directed employer-sponsored plans that are subject to Section 3(38) of ERISA (Plans) in a program entitled the Investment Fiduciary Manager Program. Cetera Investment Management LLC (CIM), an RIA and an affiliate of ours, provides us with a recommended investment lineup for each platform of a recordkeeper that we make available in the program. Each recordkeeper available in the program is also a strategic partner and/or retirement partner in our Retirement Strategic Partner Program (please see the description of strategic partners and retirement partners in section IX). CIM creates and provides us with the investment lineups, which are composed primarily of strategic partner funds. The strategic partner funds included in the investment lineups offered on each of the recordkeeping platforms are excluded from compensation paid to us in connection with the strategic partner program.

We determine whether to make available in the program the investment lineups recommended by CIM. CIM does not act as an investment adviser to the plan or any of its participants. One investment lineup will typically be provided per recordkeeper platform. Each plan grants us the discretion to select the investment lineup maintained by a recordkeeper for that plan. Our ERISA Section 3(38) discretionary advice service is offered only at the plan level and not at the individual participant or account level, as individual participants ultimately retain the responsibility of selecting their own investments from the designated investment lineup. We receive fees based on the value of the assets or a flat fee for the services that we provide.

Preferred Asset Management and Prime Portfolio Services

The Preferred and Prime Programs are materially the same with one important exception: in the Prime Program, your Financial Professional pays for any transaction costs associated with purchases and sales of securities in your account. In the Preferred Program, any transaction charges are paid by you. Because your Financial Professional pays for transaction costs in the Prime Account, the management fees that you pay will usually be higher. The fact that your Financial Professional pays the transaction charges in some programs and not in others creates an incentive for him or her to execute transactions on an infrequent basis, depending upon the program that they recommend. It also creates an incentive for your Financial Professional to recommend a program that will result in greater revenue applicable to transaction activity. Both create conflicts between your interest and ours.

Your Financial Professional has a conflict of interest in recommending that you open a Preferred or a Prime advisory account because in the Prime advisory program, he or she only pays for transaction costs, which vary depending on the type of security being purchased or sold. For example, if it is anticipated that you will trade more frequently, your Financial Professional would receive less investment advisory compensation in the Preferred Program than in the Prime Program because in the Prime Program, your Financial Professional pays the transaction costs. If it is anticipated that you will trade infrequently, your Financial Professional would receive less compensation from your Prime advisory account than if you were to open a Preferred advisory account because while you pay transaction costs in a Preferred advisory account, the maximum fee schedule for the Prime program is 0.25% higher than the maximum fee schedule for the Preferred Program. Additionally, in a Prime account, you should understand that the transaction costs present a conflict of interest to your

Financial Professional when deciding which securities to select and how frequently to execute transactions, as the Financial Professional has a financial incentive to recommend transactions in certain securities that carry lower transaction costs or where ticket charges are waived and to limit the overall number of transactions that he or she recommends.

For both the Preferred and Prime Programs, other brokerage account fees and expenses will be charged when applicable. For additional information regarding these fees and expenses, please see our Form ADV Part 2A and schedule of charges for brokerage transactions at www.cetera.com/first-allied/clients. These other brokerage account fees and expenses defray our costs associated with maintaining and servicing client accounts and include compensation to us. The additional compensation that we receive creates a conflict of interest because we receive a financial benefit when we provide services in connection with maintaining and servicing your account, all of which are revenue for us. The amount of the fees and charges to you is usually more than the cost that we incur in the transaction and creates a conflict between your interests and ours. This compensation, however, is retained by us and is not shared with your Financial Professional, so he or she does not have a financial incentive to recommend certain transactions or for us to provide such additional services.

Your advisory services agreement lists the transaction costs associated with your account. With the exception of ERISA accounts, we mark up the transaction costs that our clearing firm charges us, which is a source of additional compensation for us. The more transactions you execute, the more compensation we receive. The fact that we receive transaction charges in non-ERISA accounts creates a conflict of interest due to the fact that we have a financial incentive to recommend that you establish a Preferred Account because of the additional compensation we receive. This compensation, however, is retained by us and is not shared with your Financial Professional, and he or she does not have a financial incentive to recommend that you open a Preferred Account.

Premier Portfolio Management

In the Premier Program, any transaction costs associated with your account are included or “wrapped” into your advisory fee. In addition to the transaction costs, IRA maintenance fees, trade confirmations fees, paper surcharge fees, SEC section 31 fees, inactivity fees, dividend reinvestment fees, FundVest short-term redemption fees, and real estate investment trust (REIT) holding fees are also covered by the advisory fees. Other brokerage account fees and expenses will be charged to your account if applicable. Those additional fees may be seen by reviewing our fee schedule at www.cetera.com/first-allied/clients. These other brokerage account fees and expenses defray our costs associated with maintaining and servicing client accounts and include compensation to us. The additional compensation that we receive creates a conflict of interest between your interest and ours because we receive a financial benefit when we provide services in connection with maintaining and servicing your account. This compensation, however, is retained by us and is not shared with Financial Professional Financial Professional, so he or she does not have a financial incentive to recommend such transactions.

Managed Wealth ADVANTAGE®

In the Managed Wealth ADVANTAGE (MWA) Program, any transaction costs associated with your account are included or wrapped into your advisory fee. Other brokerage account charges, such as stop payment fees, fed fund wire fees and margin interest will be charged to your account when applicable. A list of those fees is set forth in our Form ADV Part 2A and on our website at www.cetera.com/first-allied/clients. These other brokerage account fees and expenses defray our costs associated with maintaining and servicing client accounts and include compensation to us. The additional compensation that we receive creates a conflict of interest between your interest and ours because we receive a financial benefit when we provide services in connection with maintaining and servicing your account. However, this compensation is retained by us and is not shared with your Financial Professional so he or she does not have a financial incentive to recommend certain transactions.

Mutual Fund/Exchange Traded Funds Advisory Program

In the Mutual Fund/Exchange-Traded Funds Advisory program, any transaction costs associated with your account are included or wrapped into your advisory fee. Other brokerage account charges, such as stop payment fees, fed fund wire fees and margin interest will be charged to your account when applicable, all of which are revenue to the firm. The amount of the fees and charges to you is usually more than the cost we incurred in providing the service and constitutes additional revenue to us. A list of those fees that are charged is available at www.cetera.com/cetera-advisor-networks/clients. These other brokerage account fees and expenses defray our costs associated with maintaining and servicing client accounts and includes compensation to us. The additional compensation that we receive creates a conflict of interest between your interest and ours because of the financial benefit that we receive when we provide services in connection with maintaining and servicing your account. This compensation, however, is retained by us and is not shared with your Financial Professional, so he or she does not have a financial incentive to recommend certain transactions.

An Important Note about Wrap Fee Programs

Most TPMM programs, as well as all of our sponsored programs, with the exception of Preferred Asset Management and Select Program (under the circumstances described below), are considered “wrap fee” programs in which you pay a specified fee for portfolio management services and trade execution. Wrap fee programs differ from other programs in that the fee structure for wrap programs is all-inclusive, whereas non-wrap fee programs assess trade execution costs that are in addition to the investment advisory fees.

Prime Portfolio Services and Premier Portfolio Management accounts are managed by your Financial Professional in accordance with his or her own investment methodology and philosophy. The other wrap fee programs available through us are managed by a third-party money manager, which are managed in accordance with the investment methodology and philosophy used by the respective third-party money manager. We receive a portion of the investment advisory fee you pay to your Financial Professional when you participate in any of our programs.

Your Financial Professional may create investment models based on investment advice provided by CIM. This advice could include basic asset allocation advice or advice regarding specific securities. We are under common ownership with several broker-dealers and RIAs, including CIM. We use research and model portfolios provided by CIM in many of our programs. A conflict of interest exists due to these affiliations. We attempt to mitigate this risk by ensuring that policies and procedures are in place requiring our Financial Professionals to exercise their fiduciary responsibilities when recommending investments to clients. Client fees are not increased if Financial Professionals use CIM research or model portfolios, and CIM receives no compensation when their services are used by our Financial Professionals.

Advisory Programs May Be More Expensive

The advisory fees you pay to us are for the investment advisory services that we provide to assist you with selecting your investment allocation. Because most advisory programs purchase investments that have their own internal or management fees (such as mutual funds), the total cost of the program will be more than if you were to buy the securities individually. You may purchase certain investment products that we recommend through other brokers or agents that are not affiliated with us. The fees and other charges applicable to transactions executed with other brokers or RIAs may be different from those that we charge.

In all of our investment advisory programs, we may recommend that you purchase investments sponsored by firms, such as our Strategic Partners, that also provide us with additional revenue.

All advisory accounts may invest in mutual funds that charge 12b-1 fees. Our clearing firm has been instructed to credit any 12b-1 fees received back to the client accounts. As a result, neither we nor your Financial Professional shall receive 12b-1 fees from mutual funds purchased in advisory accounts.

Program Choice Conflicts of Interest

You should be aware that the compensation that we and your Financial Professional receive will differ according to the specific advisory program you choose. This compensation may be more than the amounts we would otherwise receive if you participated in another program or paid for investment advice, brokerage, and/or other relevant services separately. As a result of the differences in fee schedules and other sources of compensation that exist among the various advisory programs and services that we offer (and by ORIAs if your Financial Professional is affiliated with an ORIA), both we and your Financial Professional have a financial incentive to recommend particular programs or services over other programs and services available through us or an ORIA, which creates a conflict between your interest and ours.

Other Affiliations

We have an agreement with Advisors Asset Management, Inc. (AAM) whereby we receive a payment based on the number of fixed income trades placed through them. These payments present a conflict of interest between your interest and ours because we receive a financial benefit when we direct fixed income trades to AAM. This compensation is retained by us and is not shared with your Financial Professional.

We also enter into certain arrangements to offer brokerage and advisory services to the clients of independent unaffiliated financial institutions (credit unions, banks and savings and loan institutions). A substantial portion of the client advisory fee will be paid by us to the financial institution pursuant to a fee-sharing arrangement as long as the client agreement is in effect and the financial institution’s agreement with us is in effect. We may pay more compensation to financial institutions if Financial Professionals recommend advisory services and products than services that earn brokerage commissions, which creates a conflict of interest between your interest and ours.

To mitigate this conflict of interest, we monitor our advisory programs and client accounts to ensure that the recommended services and products are consistent with your stated goals and objectives and maintain policies, such as minimum account openings, to ensure that our recommendations are appropriate for the applicable advisory program or service. Please contact your Financial Professional if you would like to receive additional information regarding whether or not the financial institution with which he or she is affiliated provides the type of financial incentive referenced above.

Selection of Brokers for Execution of Transactions in Your Advisory Account

We provide brokerage services for the advisory accounts in our sponsored programs. In selecting or recommending broker-dealers to execute transactions for our advisory accounts, we do not consider whether we or a related person receives client referrals from a broker-dealer or third party. In addition, you do not generally have the option to direct securities brokerage transactions to other broker-dealers or other account custodians other than our clearing broker. You may request that we direct transaction in your account to firms other than our clearing broker. If we approve the use of a broker-dealer other than our clearing broker for securities transaction execution, you should be aware that we will generally be unable to negotiate commissions or other fees and charges for your account, and we will not be able to combine your transactions with those of other clients purchasing or selling the same securities in a block trade. By directing brokerage to a specific broker, we may be unable to achieve the most favorable execution of your transactions, referred to as "best execution." Therefore, directed brokerage may cost you more money. For more information about the brokerage practices of a third-party money manager program, please refer to the disclosure brochure for the applicable third-party money manager program.

Although we have negotiated prices for services performed by our clearing broker that we believe are beneficial to our clients, our clearing relationship gives us economic benefits if we execute transactions in advisory program accounts ourselves rather than through an unaffiliated broker-dealer. For example, we add a markup to the transaction costs in Preferred Program accounts as well as certain other brokerage-related account charges and fees that are assessed to all client advisory accounts. The charges and fees that are marked up include, but are not limited to, paper delivery surcharge fees for client statements and confirmations, clearance and execution fees, outgoing account transfer fees, mandatory reorganization fees, checking account fees, inactive account fees, wire fees, legal transfers fees, bond redemption fees, termination fees, and IRA annual custodial maintenance fees all of which are revenue to us. The amount of the fees and charges that you pay is usually more than the cost we incurred in the transaction and is a conflict between your interests and ours. For a more complete description, please see our Form ADV Part 2 at www.cetera.com/first-allied/clients.

Mutual Fund Ticket Charges

When you purchase a mutual fund sponsored by a Strategic Partner in a brokerage account, we may absorb the ticket charge for each transaction, which would normally be paid by you or your Financial Professional. Generally, the mutual fund families that participate in the Strategic Partner Program subsidize some of these ticket charges through the compensation mentioned above or by paying us a per trade fee of up to $10.00. The type of transaction in a Strategic Partner mutual fund purchase that qualifies for a ticket charge waiver varies depending on the Strategic Partner. In general, the ticket charge will be waived for the purchase of certain mutual funds in the amount of $2,500.00 or more. Every mutual fund that we offer can be purchased without a ticket charge by processing the transaction with a check and application sent directly to the mutual fund company. The reduction in our expenses when you purchase a Strategic Partner mutual fund creates a conflict between your interest and ours. Additionally, if your Financial Professional pays the ticket charge, the reduction in his or her expenses associated with a ticket charge waiver creates a conflict between your interest and the Financial Professional's interest.

Agency Cross and Principal Trades

An agency cross transaction is defined as a transaction where a person or entity acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlling, controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Principal transactions arise when we act simultaneously as an investment adviser and a broker in a principal transaction with an advisory client. (Please see the description of principal transactions on fixed income securities in section III., above.) This includes buying securities from or selling securities to an advisory client from our own account. We permit agency cross or principal trades in certain specified circumstances, but we do not charge markups or markdowns for principal transactions. You will pay a transaction charge for agency cross transactions only in those programs where we have informed you that you will pay such charges.

Block Trading

Block trading refers to the aggregation of multiple orders from different clients for the same securities for submission as a single order for execution. When the purchase or sale of a particular security is appropriate for more than one client account, trades for advisory clients may be aggregated. This is done principally to ensure that clients are treated fairly, and that one client is not advantaged at the expense of another client. Trades with advisory clients may be aggregated with those of other clients.

Aggregate orders may be filled through multiple executions at different prices during a trading day. If your order is aggregated with other orders, you will receive an average price. Aggregate orders will not reduce your transaction costs.

When an aggregated order is not fully filled (i.e., when an aggregated order is only partially filled), our trading system will allocate to each account participating in the order the pro-rata quantity of shares to each account in accordance with the account's proportion of the overall order. Order allocation among participating clients may not be changed after the order has been executed.

Our policies do not require your Financial Professional to aggregate or block trade client orders. If your Financial Professional chooses not to aggregate client orders for the same security, a potential conflict of interest between your interest and ours exists. In such instances, the Financial Professional must decide which client order to place first, which may result in one client receiving a better execution price than another client and could lead to certain client accounts receiving more favorable order executions over time. This creates an incentive for your Financial Professional to execute trades at different times for different clients and creates a conflict between your interest and ours. We do not monitor the decisions of our Financial Professionals to aggregate orders to determine whether any one client or group of clients is systematically disadvantaged over time.

Best Execution of Brokerage Transactions

We are obligated to ensure that orders are being sent to the markets in an efficient manner and to execute any transactions in a manner that we believe is in the client's best interest. Our primary considerations with regard to purchases and sales for clients is obtaining the most favorable execution of the transactions needed to implement the client's investment strategy. The determinative factor is whether the transaction represents the best qualitative execution for the client account and not whether the lowest possible price is obtained. We review reports that help analyze the quality of the executions of the orders that are sent to the market. Most of our Financial Professionals are registered with our broker-dealers as registered representatives, which allows them to perform brokerage services for you by executing specific security transactions through us or our clearing broker. Your Financial Professional can, upon recommending a transaction, direct us to execute the order. In these situations, you may be unable to achieve the most favorable execution of a transaction, which would cost you more money than if you were able to execute transactions through another broker-dealer. This creates a conflict between your interest and ours.

Client Referrals and Other Compensation

Individuals who are not affiliated with us introduce prospective clients to us. These individuals (called "Solicitors") are paid a fee that is based on the advisory fee that you pay us. If you are introduced to us through a Solicitor, we will provide you with a separate written disclosure statement indicating that a referral fee is being paid to an individual who is unaffiliated with us.

Additional Compensation to Your Financial Professional

In addition to advisory fees, your Financial Professional may earn sales incentives or awards based on the value of assets under management, investment products sold, number of sales, client referrals, amount of new deposits or amount of new accounts. Your Financial Professional may also receive forgivable loans from us, which are conditioned on your Financial Professional remaining affiliated with us and/or maintaining specified levels of assets under management with us. (Please see the discussion of additional compensation to Financial Professionals in section IV., above). This additional economic benefit creates an incentive for your Financial Professional to remain affiliated with us and to recommend that you deposit assets in accounts with us in order to achieve forgiveness of loans that we extend to them. This creates a conflict between your interest and ours.

Your Financial Professional may also receive a financial benefit referred to as an "Enhanced Payout" based on the quantity of assets under management in the advisory programs that comprise the My Advice Architect Platform (the "MAA Platform"). Your Financial Professional is eligible to receive an Enhanced Payout on advisory assets in the MAA Platform that exceed certain levels. Whenever compensation changes based on the level of assets under management, your Financial Professional has a financial incentive to meet those asset levels. The Enhanced Payouts provide an incentive for your Financial Professional to select us for your accounts because compensation that we pay them may be more than that of another firm. The Enhanced Payouts also provide an incentive for your Financial Professional to select the MAA Platform over other advisory programs and to place more assets in the MAA Platform. This creates a conflict between your interest and ours.

Approved TPMMs

We enter into a select number of relationships with TPMMs (Approved TPMMs). The use of Approved TPMMs creates several conflicts of interest between your interest and ours. We receive a portion of the fee that you pay the Approved TPMM whenever we refer or recommend their services to you. Approved TPMMs also compensate us with an additional fixed annual payment for providing ongoing due diligence, operational oversight, and opportunities to market to and educate our Financial Professionals on investments and the products they offer (Additional Compensation). Approved TPMMs are selected, in part, based on whether they offer competitive products, their technology, their customer service, and their training capabilities. Approved TPMMs may attend or sponsor educational and training meetings for our Financial Professionals. Certain Approved TPMMs, such as SEI and AssetMark, pay us a higher level of Additional Compensation than other Approved TPMMs and have more opportunities than other Approved TPMMs to market and educate our Financial Professionals on investments and the products they offer. We may, from time to time, update our list of Approved TPMMs. Similar to our Strategic Partner program, our Financial Professionals do not receive any part of the Additional Compensation for recommending an Approved TPMM.

The Additional Compensation that we receive creates an incentive for us to promote Approved TPMM products over other products and to promote certain Approved TPMMs that pay us a higher amount of additional compensation over other Approved TPMMs. Your Financial Professional indirectly benefits from these payments when the money is used to support costs relating to product review, operational oversight, marketing or training.

Our Financial Professionals receive reimbursements from Approved TPMMs for the costs of marketing expenses and costs incurred by the Financial Professional subject to our policies and applicable regulations. Such reimbursements will be paid to the Financial Professional from the Approved TPMM's own resources and not from client funds or assets. Such arrangements will have no impact on the fees being charged to clients by us, the Financial Professional, or the program sponsor.

To review a list of current Approved TPMMs, please see our website at www.cetera.com/first-allied/clients.

Unified Program Fund Strategist Portfolio Featured List

The Unified Program offered through the MAA Platform, which is co-sponsored by our related investment adviser, CAS, offers fund strategist portfolios (comprised of both mutual funds and ETFs) from over 100 strategists, comprising over 1,000 strategies. We have created a smaller list of strategies across various investment disciplines and implementation styles (the "Featured List") that are offered by a number of strategists (Featured Strategists) that have agreed to pay us some form of additional compensation. The Featured List consists of strategies from both Strategic Partners (or affiliates of a Strategic Partner) and non-Strategic Partners.

As discussed above, all of our Strategic Partners pay us additional compensation and receive more opportunities (such as being a Featured Strategist) than other companies to market and educate our Financial Professionals about their products and services, all of which create a conflict of interest between your interest and ours. Strategic Partners do not pay us any additional compensation for being a Featured Strategist, other than the overall compensation set forth above.

Any firm on the Featured List that is not also a Strategic Partner pays us compensation based on the following calculation: the greater of (1) an annual fixed flat fee; or (2) up to 0.08% of client assets under management in the Featured Strategists' (or its affiliates') proprietary funds, plus up to 0.05% on non-proprietary funds' assets under management (0.08% on a $10,000 investment is $8.00 per year, 0.05% on a $10,000 investment is $5.00 per year). As a result, the compensation paid by Featured Strategists varies from one Featured Strategist to another, from year-to-year, and possibly from quarter-to-quarter. Your Financial Professional does not receive additional direct compensation for utilizing a strategy offered by a Featured Strategist. Because we receive compensation from Featured Strategists, a conflict of interest exists between your interest and ours because we are paid more revenue-sharing fees if your account uses a Featured Strategist and whenever Strategic Partner funds are part of a Featured Strategist's model portfolios. Your Financial Professional also indirectly benefits from Featured Strategist payments when the payments are used to support costs relating to product review, marketing or training. Our Financial Professionals do not receive any direct compensation associated with these revenue-sharing payments.

XIII. ADDITIONAL INFORMATION ABOUT US

SEC and FINRA rules provide that certain types of legal and disciplinary matters involving broker-dealers, RIAs, 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 www.cetera.com/first-allied/clients, First Allied Securities, Inc. and your account agreement. For additional information on advisory services, see our Form ADV brochure on IARD, on Investor.gov, or on our website www.cetera.com/first-allied/clients and any brochure supplement your financial professional provides.

If you have concerns about the management of your account, recommendations that have been made to you, or about the way that you have been treated by your Financial Professional or anyone who is affiliated with us, please contact supervisionsupport@firstallied.com.