

Regulation Best Interest (“Reg BI”) DISCLOSURE BROCHURE



This Regulation Best Interest Disclosure (this “Disclosure”) summarizes important information concerning the scope and terms of the brokerage services American Independent Securities Group, LLC (AISG the “Firm,” “we,” “us,” or “our”) offers, and details the material facts relating to conflicts of interest that arise through our delivery of brokerage services to you. This Disclosure contains references or links to other disclosure materials and account documentation where you can find more information about the Firm and the services we provide. We encourage you to review this Disclosure carefully, along with all disclosure materials and account documentation referenced herein or which you may receive from us. The Firm will furnish hardcopies of this Disclosure and all additional disclosure materials and account documentation referenced herein upon request at no cost to you. Copies of the account documentation and disclosure materials referenced herein are provided to you before or at the time you open an account with us, and are also available by contacting your financial professional or our office at (866) 485-4635. Copies of our disclosure materials referenced herein are also available at the Firm’s website, www.AmericanISG.com.

We are registered with the U.S. Securities and Exchange Commission (the “SEC”) as a broker dealer that provides brokerage services. American Independent Securities Group, LLC is an SEC registered investment adviser that provides investment advisory services. Our brokerage services are the primary focus of this guide. Individuals licensed or approved with American Independent Securities Group, LLC as registered representatives (referred to as "Financial Professionals" throughout this document) will provide its brokerage services. Individuals licensed or approved with AISG as investment advisor representatives (also referred to as "Financial Professionals" throughout this document) may provide asset management of investment products and/or financial planning services. Certain Financial Professionals are approved to provide brokerage and investment advisory services on behalf of American Independent Securities Group, LLC, while other Financial Professionals are only approved to offer brokerage or investment services on behalf of American Independent Securities Group, LLC. Financial Professionals are not employees of American Independent Securities Group, LLC. They are independent contractors of American Independent Securities Group, LLC. In addition to AISG, your Financial Professional may have his/her own independent Registered Investment Advisor ("RIA") with its own unique disclosure requirements.

For more information about investment advisory services and how they differ from brokerage services, please review our Customer Relationship Summary (the “Relationship Summary”), which is available at www.AmericanISG.com. The Relationship Summary contains important information about the types of services that are available to you, both brokerage and investment advisory, along with general information related to compensation, conflicts of interest, disciplinary action and other reportable legal information.

When discussing services with a Financial Professional you should understand which services your Financial Professional can provide. Financial Professionals are restricted as to the types of securities for which they can provide recommendations, based on the FINRA exams they have passed. Each additional exam a Financial Professional passes allows them to provide additional recommendations. The following is the list of exams and the associated products for which a Financial Professional is allowed to offer services.

- **Series 7 Exam** - Limits a Financial Professional to providing recommendations on public offerings and/or private placements of corporate securities (stocks and bonds), rights, warrants, mutual funds, money market funds, unit investment trusts ("UIT"), exchange traded products, 529 plans, real estate investment trusts (REIT"), options on mortgage backed securities, government securities, repurchase agreements ("REPO") and certificates of accrual on government securities, direct participation programs ("OPP"), municipal securities, hedge funds, venture capital offerings, variable annuities ("VA"), variable life insurance ("VUL"), local government investment pools ("LGIP") and closed-end funds. The Series 7 exam is called the general

securities representative exam as it allows Financial Professionals to make recommendations on the largest number of securities products.

- **Series 6 Exam**- Limits a Financial Professional to providing recommendations on VAs, VULs, UIT, 529 plans, LGIP, and closed-end funds on the initial offering only
- **Series 22 Exam**- Limits a Financial Professional to providing recommendations on DPPs including real estate, oil and gas, and equipment leasing, and limited partnerships ("LP"), limited liability companies ("LLC"), and S Corporation securities.
- **Series 52 Exam**- Limits a Financial Professional to providing recommendations on municipal securities.
- **Series 82 Exam** - Limits a Financial Professional to providing recommendations on private placement securities which are non-public securities offerings sold under an available registration exemption outlined in the Securities Act of 1933.

BROKERAGE SERVICES

When you establish a brokerage account with us, you have the ability to buy, sell and hold investments within your account. We introduce your trade orders to our clearing firm, RBC Correspondent Services ("RBC" or "our clearing firm"), which will execute purchases and sales on your behalf, as directed by you. In a brokerage services relationship, we may trade with you or others on a riskless principal basis, and we can earn a profit on those trades. A riskless principal trade is one in which a broker/dealer, after having received an order to buy or sell a security, purchases or sells the security as principal, at the same price, to satisfy that order. We do not hold securities on an inventory basis. The capacity in which we act is disclosed on your trade confirmation. We are not required to communicate our capacity in advance, obtain your consent, or inform you of any profit earned on trades, except in specific circumstances prescribed by rule or regulation.

CASH BROKERAGE AND MARGIN BROKERAGE ACCOUNTS

We provide brokerage services through either a cash brokerage account or margin brokerage account, based on your eligibility and selection. In a cash brokerage account, you must pay for your purchases in full at the time of purchase. In a margin brokerage account, you must eventually pay for your purchases in full, but you may borrow part of the purchase price from our clearing firm. This is generally referred to as a "margin loan." The portion of the purchase price that is loaned to you is secured by securities in your account, also referred to as "collateral." You will incur interest costs as a result of your margin activity. While many securities are eligible to be pledged as collateral for a margin loan, some assets are not available for margin collateral purposes.

Given that a margin brokerage account has specific eligibility requirements, unique costs and risks, and is subject to additional regulatory requirements, our default brokerage account option is our cash brokerage account. You must execute a margin agreement before opening a margin account or enabling margin activity in an existing brokerage account. Important margin disclosure information is included in our margin agreement which you should read, understand and consider before establishing a margin brokerage relationship with us. The Firm will furnish hardcopies of our margin agreement to you upon request, at no cost to you. For more information on our margin brokerage services, contact your financial professional.

BROKERAGE ACCOUNT TYPES

We offer many different brokerage account types, including individual and joint accounts, custodial accounts, estate and trust accounts, partnership accounts, individual retirement accounts and other types of retirement accounts as outlined in our account agreements. You should refer to our account agreements for more information concerning available account types or speak with a financial professional. The Firm will furnish hardcopies of our account agreements to you upon request, at no cost to you.

INCIDENTAL BROKERAGE SERVICES, RECOMMENDATIONS AND ACCOUNT MONITORING

We may make recommendations to buy, sell, or hold assets within your brokerage account, and we may also provide incidental services, such as research reports. When we make a securities recommendation, investment strategy recommendation, or recommendation to roll over assets from a Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer unless otherwise expressly stated prior to or at the time of the recommendation. Any such statement concerning our capacity will be made orally to you at or prior to the time of recommendation. Please note that, when we act in a brokerage capacity, our actions are dictated by the standard of conduct set forth in Regulation Best Interest, as discussed herein, which differs from customary fiduciary obligation.

It is important for you to understand that when we make a recommendation to you while acting in a broker-dealer capacity, we are obligated to ensure that the recommendation is in your best interest, without placing our financial or other interests ahead of yours. This obligation requires us to exercise reasonable diligence, care, and skill when making investment recommendations. To satisfy our obligation we must: (1) understand and communicate to you the potential risks, rewards, and costs of any recommendation; (2) have a reasonable basis to believe the recommendation is in your best interest given your investment profile, and that it does not place our interest ahead of your interest; and (3) ensure that any recommendation or series of recommendations is not excessive given your investment profile. In fulfilling our obligation, it is important that we consider reasonably available alternatives, and understand your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information that you provide us. You may accept or reject any recommendation. It is your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not offer discretionary brokerage accounts or ongoing monitoring of brokerage accounts. We allow you to give us temporary or limited permission to make brokerage account transactions without us consulting with you first, such as to buy or sell securities to satisfy margin or other requirements. If you prefer on-going monitoring of your account or investments, you should speak with a financial professional about whether an advisory services relationship is more appropriate for you.

Please also consider that, from time to time, we may provide you with additional information and resources to assist you with managing your brokerage account. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you. Such information and resources are not and will not be provided as a result of any monitoring of the specific investment holdings in your brokerage account, they do and will not constitute specific or tailored investment recommendations about investment holdings, and you should not consider them to be a recommendation to trade or hold any particular security in your brokerage account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

CLEARING SERVICES

We are a fully disclosed introducing broker-dealer, which means we work with an unaffiliated clearing firm that provides the trade execution, custodian and custodial account-related services for our clients. We have entered into an agreement with our clearing firm to carry your account and provide certain back-office functions. These functions include, but are not limited to, trade execution, clearing and settlement services, and the creation and distribution of statements, trade confirmations and tax documents. We and our clearing firm share responsibilities with respect to your account as set forth in the account agreement materials that are delivered to you upon the opening of your account.

UNDERSTANDING RISK

It is important for you to understand that all investment recommendations and activities involve risk, including the risk that you may lose your entire principal. Further, some investments involve more risk than other investments. Higher-risk investments may have the potential for higher returns but also for greater losses. The higher your “risk tolerance,” meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more likely you may be to invest in higher-risk investments offering the potential for greater returns. We align risk tolerances with investment needs to accommodate different investment objectives from which to choose. You should select the investment objective and risk tolerance best aligned with your brokerage account goals and needs.

Investment objectives typically have different time horizons and different levels of emphasis on preservation of capital, income and growth. Risk tolerance also varies and can be measured on a continuum. Please consult with your financial professional for more information. Our recommendations are based in part on your investment objectives and risk tolerance. We encourage you to carefully consider your investment objectives and risk tolerance before investing.

CASH SWEEP PROGRAM FEATURE

Our brokerage services include a Cash Sweep Program feature. This program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically “swept” into a “Cash Sweep Vehicle,” until such balances are otherwise required to satisfy obligations arising in your account. These Cash Sweep Vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or other sweep arrangements made available to you. Please refer to the additional information concerning the Cash Sweep Program contained in your account agreement.

ACCOUNT MINIMUMS AND ACTIVITY REQUIREMENTS

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types of brokerage accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account will be closed. These requirements are detailed in the account agreement you receive when you open your brokerage account.

You should also understand that our financial professionals may establish their own minimum account balance requirements for the brokerage accounts they service. For example, a financial professional may choose to service only those brokerage account customers who satisfy account-specific or total household asset conditions.

BROKERAGE SERVICE MODELS AND PRODUCTS

The Firm is a fully-disclosed introducing broker-dealer that recommends and facilitates the purchase and sale of the securities products described in this Disclosure on behalf of customer accounts.

BROKERAGE FEES AND OUR COMPENSATION

It is important to consider that, while a brokerage relationship can be a cost-effective way of investing your assets, it is not suitable for everyone given the fees and costs involved. You should carefully consider the following information about our brokerage fees and compensation, which will reduce the investment returns realized in your brokerage account, in determining whether a brokerage relationship is suitable for you.

TRANSACTION-BASED FEES

You will pay transaction-based fees for trades you decide to enter into, such as buying and selling stocks, bonds, exchange-traded products, mutual funds, annuity contracts, exercising options and other investment purchases and sales. These transaction-based fees are generally referred to as a “commission,” “mark up,” “sales load,” or a “sales charge” and they are charged on a per-transaction basis at the time of the transaction. Transaction-based fees are based on many factors, including, but not limited to:

- Underlying product selection;
- Your brokerage service model and account type;
- Size of your transaction and/or overall value of your account;
- Frequency of your trade activity; and
- Available discounts and/or fee waivers.

ACCOUNT AND SERVICE FEES

You will pay account-related fees for various operational services that are provided to you through your brokerage account. These fees are set at least annually and may be modified more often, and such fees and any modification are and will be communicated to you through information included in your account statement and other notifications, including our Fee Disclosure. These fees are charged at the times indicated in our Fee Disclosure. These fees do not apply to all account types and may be waived under certain conditions.

You should understand that, based on the brokerage service model you choose, the same or similar products, accounts and services may vary in the fees and costs charged to you. For a full description of our brokerage account-related fees, please read the Fee Disclosure, available on our website at www.AmericanISG.com.

HOW WE ARE COMPENSATED

We receive direct and indirect compensation in connection with your brokerage investments and accounts. We and our financial professionals receive direct compensation when we receive a portion of the transaction-based fees you are charged as compensation for our services. In certain limited circumstances, when you pay account and service fees to our clearing firm and/or its affiliates, we may receive a portion of such compensation. Indirect compensation is compensation paid in ways other than directly from the investment transaction or account and may impact the value of the associated investments in your account. The sections below describe the compensation that we receive in connection with various investments that may be available to you. In many cases, a prospectus or offering document is made available to provide additional information regarding fees and other costs that apply.

Transaction Commissions

We and our financial professionals receive a portion of the transaction-based fees you are charged as compensation for our services related to your investment transactions.

BUYING AND SELLING STOCKS, RIGHTS, WARRANTS, OPTIONS, SECONDARY MARKET CLOSED END FUNDS AND EXCHANGE TRADED PRODUCTS

When you buy or sell stocks, rights, warrants, options, secondary market closed end funds and exchange traded products, we and our financial professionals receive a portion of the transaction-based fees you are charged as compensation for our services. These fees may range as high as 5% of the transaction amount, and are typically in the range of 0% to 5% of the transaction amount.

BONDS AND/OR DEBT SECURITIES

When you buy or sell bonds and/or debt securities, we and our financial professionals receive a portion of the transaction-based fees you are charged as compensation for our services. When you buy or sell bonds and/or debt securities in a brokerage account, and in accordance with industry regulations, we may impose a markup (increase) or markdown (decrease) in the price of transactions we execute on a riskless principal basis. We are compensated based upon the difference (markup) between the price you pay for securities purchased from us and the price we sell such securities to you over the prevailing market price, or the difference (markdown) between the price you sell securities to us and the price we purchase such securities from you over the prevailing market price. For bonds and/or debt securities, including preferred securities and CDs, there will be a charge, or markup/markdown as high as 5% of the transaction amount, and typically in the range of 0% to 5% of the of the prevailing market price.

MUTUAL FUNDS

We currently offer a broad array of mutual funds varying in share class structure and investment style. If you invest in mutual funds, we and our financial professionals may receive direct and indirect compensation in connection with such mutual fund investments, as described below.

Under arrangements with mutual fund companies, we, our clearing firm and/or its affiliates receive commissions from the mutual fund companies for the sale of mutual funds. Front-end sales charge fees will be charged to you and paid to us, our clearing firm and/or its affiliates, and a portion of such compensation is shared with us, including your financial professional, when you purchase certain mutual funds. In certain circumstances, we, our clearing firm and/or its affiliates receive ongoing or trail commissions when investors continue to hold a given investment from year-to-year. Where applicable, a portion of such compensation is shared with us (and we in turn share a portion with our financial professionals). Commissions and/or trails paid to us and our financial professionals vary by product type and may vary by mutual fund company. You can find a description of the amount and payment frequency of all fees and expenses charged to you in the mutual fund prospectus, which is provided to you at or before the time you invest in the mutual fund.

- **12b-1/Shareholder Service Fees.** Certain mutual fund companies may make ongoing payments to us, our financial professionals, our clearing firm and/or its affiliates, and a portion of such compensation is shared with us, including our financial professionals, commonly known as trails, service fees or 12b-1 fees. These annual 12b-1 fees, or trails, are paid by certain funds out of fund assets under a distribution and servicing arrangement and are paid to cover distribution expenses and sometimes shareholder service expenses that are provided on the fund's behalf. Shareholder servicing fees are paid to respond to investor inquiries and provide investors with information about their investments. These fees are asset-based fees charged by the fund family. These fees are typically in the range of 0.25% to 1.00% and are typically below 1.00%.
- **Front-End Sales Charge Fees.** Front-end sales charge fees will be charged to you and paid to us, our clearing firm and/or its affiliates, and a portion of such compensation is shared with us, including your financial professional, when you purchase certain funds. The front-end sales charge is deducted from the initial investment on certain share classes. These charges may range as high as 5.75% and are typically in the range of 0% to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts, which are set dollar amounts for the purchase of the fund's shares that qualify the investor for a discount. Breakpoints offer investors discounts for making larger investments. In addition, some purchases may qualify for a sales charge waiver based on the type of account and/or certain qualifications within the account. You should contact your financial professional if you believe you are eligible for sales charge waivers. You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the fund's prospectus, which is provided to you at the time you invest in the fund.

- **Contingent Deferred Sales Charges.** A contingent deferred sales charge (“CDSC”) is a charge you pay upon withdrawal of money from a fund prior to the end of the fund’s CDSC period. CDSC charges may range as high as 5% and typically range from 0% to 1.00%. CDSC periods typically range from zero to seven years. This charge typically exists only on share classes that do not have a front-end sales charge. It is sometimes referred to as the back-end load. CDSCs are not charged when you purchase a fund. The fee charged will depend on the share class purchased by the investor. A CDSC is not passed on to your financial professional. You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the fund’s prospectus which is provided to you. Fees and expenses disclosed in the fund’s prospectus are charged against the investment values of the fund. You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the fund’s prospectus, which is provided to you at the time you invest in the fund.
- **Revenue Sharing.** Certain mutual fund companies may pay our clearing firm and/or its affiliates additional amounts known as revenue sharing. If revenue sharing compensation is paid to our clearing firm and/or its affiliates, a portion of such compensation may be shared with us. Revenue sharing is comprised of payments from certain product managers and sponsors that share revenues earned from investments in their products. These product managers and sponsors include mutual fund companies, 529 plan program managers and insurance companies. These payments are in addition to standard sales loads, 12b-1 fees, fees for providing mutual fund shareholder services and reimbursements for education, marketing support and training related-expenses.

ANNUITIES

We offer fixed, fixed index, and variable annuities. Under arrangements with insurance companies, we receive commissions from the insurance companies for the sale of annuities. In certain circumstances, we receive ongoing and/or trail commissions when investors continue to hold a given investment from year-to-year. Where applicable, a portion of such commissions and/or trail commissions is shared with us (and we in turn share a portion with our financial professionals). In certain circumstances fixed insurance companies pay the firm an override on sales of their products. Overrides are generally between 0% to 1.5%.

Commissions and/or trails paid to us and our financial professionals vary by product type and may vary by insurance company. You can find a description of the amount and payment frequency of all fees and expenses charged to you in the prospectus, statement of understanding and/or insurance company approved product brochures, which are provided to you at or before the time you invest in the annuity. Commissions for fixed and fixed index annuities may range as high as 8% and typically range from 2% to 7%. Commissions for variable annuities may range as high as 7% and typically range from 5% to 6%. Trails, if applicable, for these investment products range from .25% to 1% per year.

ALTERNATIVE INVESTMENTS AND COMPLEX PRODUCTS

We may recommend certain alternative investments and complex products, including but not limited to private equity funds, private placements, real estate investment trusts (REITs), direct participation programs (DPPs), Limited Partnerships and certain non-exchange traded investments. Under arrangements with product providers/sponsors, we receive commissions from the product providers/sponsors for the sale of these investments. Front-end sales charge fees will be charged to you and paid to us, our clearing firm and/or its affiliates, and a portion of such compensation is shared with us, including your financial professional, when you purchase certain alternative investments and complex products. In certain circumstances, we receive ongoing or trail commissions when investors continue to hold a given investment from year-to-year. Where applicable, a portion of such commissions and/or trail commissions is shared with us (and we in turn share a portion with our financial professionals). Due to the complexity of these investment products, we require our financial professionals to undergo product-specific training concerning product features and related risks that are

presented. You should be aware that, generally, these products are less liquid than exchange-traded products within traditional asset classes (such as stocks, corporate bonds and municipal securities), are long-term in nature, and are not appropriate for everyone, even some high-net worth investors or “accredited investors.” Our policies and procedures governing the recommendation of these investment products require careful consideration of the types of investors for whom these products would be suitable. Commissions, Back-end Trails, and/or trails paid to us and our financial professionals vary by product type and may vary by product provider/sponsor. You can find a description of the amount and payment frequency of all fees and expenses charged to you in the prospectus or offering document for the investment product, which is provided to you at or before the time you invest. Commissions for alternative investments and complex products may range as high as 8% and typically range from 1% to 7%. Back-end trails, if applicable, range from .5% to 1% upon closing of an investment. Trails, if applicable, for these investment products range from .25% to .5% per year. Alternative investment companies provide reimbursement for due diligence expenses and marketing expenses of 1% to 1.5% to the firm.

Unit Investment Trusts (UITs)

We offer Equity and Fixed-Income UITs. We, our clearing firm and/or its affiliates are compensated in ways that vary depending on the type and terms of the UIT portfolio selected. Under arrangements with UIT providers, we, our clearing firm and/or its affiliates receive commissions from the UIT providers for the sale of UITs. Front-end sales charge fees will be charged to you and paid to us, our clearing firm and/or its affiliates, and a portion of such compensation is shared with us, including your financial professional, when you purchase certain UITs. Commissions paid to us and our financial professionals vary by product type and may vary by UIT provider. You can find a description of the amount and payment frequency of all fees and expenses charged to you in the prospectus or offering document for the UIT, which is provided to you at or before the time you invest. The UIT provider deducts fees as compensation from the proceeds available for investments for marketing and distribution expenses, which may include such compensation as described in each UIT prospectus, which is provided to you at or before the time you invest. Commissions received for these products typically range from 1% to 3%, and our financial professionals share in a portion of these commissions.

CASH SWEEP PROGRAM COMPENSATION

If you select an automatic sweep investment option, also known as a Cash Sweep program, our clearing firm and/or its affiliates receive compensation in the form of a portion of the interest earned on the balance amount you invest in the Cash Sweep program and a portion of such compensation is shared with us. The Cash Sweep program allows any available cash balance in your account to be automatically invested or deposited in your designated Automatic Sweep Investment, which may include a money market fund, insured deposits or credit interest program through our clearing firm and managed by our clearing firm and/or an affiliate of our clearing firm. A full description of the Cash Sweep program is provided in the account agreement materials, which are provided to you at or before the opening of an account and are also available upon request.

MARGIN BROKERAGE ACCOUNTS COMPENSATION

If you select a margin brokerage account and carry a margin balance, our clearing firm and/or its affiliates receive compensation in the form of a portion of the interest charged to you on the margin balance and a portion of such compensation is shared with us. As discussed above, a margin account allows you to pledge the securities in your account in order to buy more securities. A full description of margin terms and conditions is provided in the margin agreement materials, which are provided to you at or before the opening of a margin account and/or the addition of margin features to an existing account and are available upon request.

CREDIT ACCESS LINE COMPENSATION

If you select a credit access line option and carry a line of credit, our clearing firm and/or its affiliates receive compensation in the form of a portion of the interest charged to you on the credit line balance and a portion of such compensation is shared with us. A credit access line is a low-rate securities-collateralized line of credit that allows you to borrow against your taxable investment portfolio. A full description of credit access line terms and conditions is provided in the credit access line agreement materials which are provided to you at or before the opening of a credit access line, and are available upon request.

TRAINING AND EDUCATION

We work closely with many product and service providers who provide training and education compensation to offset or reimburse us for costs incurred in conducting comprehensive training and educational meetings for our financial professionals. These meetings or events are held to educate firms and financial professionals about product characteristics and various other topics. In addition, certain vendors provide free or discounted research or other vendor products and services, which can assist our financial professionals with providing services to you.

Product providers, on some occasions, may reimburse us and/or our financial professionals for expenses incurred by individual branch offices in connection with training and educational meetings, conferences, or seminars for financial professionals and participants. Also, product providers may provide financial professionals with promotional items or other non-cash compensation (also referred to as gifts, which are limited to \$100 per year, per financial professional and per vendor), meals and/or entertainment or other non-cash compensation.

Although training and education compensation is not related to individual transactions or assets held in client accounts, it is important to understand that, due to the total number of product providers whose products are offered by us, it is not possible for all companies to participate in a single meeting or event. Consequently, those product providers that do participate in training or educational meetings, seminars or other events gain an opportunity to build relationships with our financial professionals and these relationships could lead our financial professionals to recommend such product providers' products.

COMPENSATION FOR TERMINATION OF SERVICES

Other than any contingent deferred sales charge for a fund (as described under the Mutual Funds section above), IRA termination fees (when applicable), and account transfer fees, we do not receive any additional compensation in connection with the termination of our services. For a full description of our brokerage account-related fees, please read the Fee Disclosure, available on our website at www.AmericanISG.com.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Financial Professionals use various methods of analysis and investment strategies. Methods and strategies will vary based on the Financial Professional providing the recommendation. Models and strategies used by one Financial Professional will be different than strategies used by other Financial Professionals. Some Financial Professionals use just one method or strategy while other Financial Professionals rely on multiple. AISG does not require or mandate a particular investment strategy be implemented by its Financial Professionals. Further, AISG has no requirements for using a particular analysis method, and Financial Professionals are provided flexibility (subject to AISG's supervision and compliance requirements) when developing their investment strategies.

METHODS OF INVESTMENT ANALYSIS

Following are brief descriptions of some of the more common methods of analysis and investments strategies that are used by Financial Professionals:

- **Fundamental Analysis**-This is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, trying to determine a company's or security's true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).
The end goal of performing fundamental analysis is to produce a value an investor can compare with the security's current price in hopes of determining what sort of position to take with that security (underpriced = buy, overpriced= sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.
- **Technical Analysis**-This method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead uses charts and other tools to identify patterns that can suggest future activity. Technical analysts believe the historical performance of stocks and markets can assist in predicting future performance.
- **Charting**- Charting is the set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe past trends in these indicators can assist to extrapolate future trends. Charting is a technical analysis that charts the patterns of stocks, bonds, and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs in order to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time, and whether it is trading near its high, near its low, or in between. Chartists believe recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.
- **Cyclical Analysis** - This method of analysis focuses on the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

INVESTMENT STRATEGY TERMINOLOGY

- **Long Term Purchases** - Investments held at least one (1)year
- **Short Term Purchases** - Investments sold within one (1)year
- **Short Sales** - A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.
- **Option Writing Including Covered Options, Uncovered Options, or Spreading Strategies** – Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time
- **Tactical Asset Allocation** -Allows for a range of percentages in each asset class (such as stock= 40 - 50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible since the investor can move

to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

- **Strategic Asset Allocation** - Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets change over time as the client's goals and needs change, and as the time horizon for major events such as retirement and college funding grow shorter.
- **Market Timing Strategy**- While uncommon and typically not recommended to clients, some Financial Professionals provide a market timing service as part of an investment strategy. In general, market timing is a strategy where the Financial Professional will try to identify the best times to be in the market and when to get out. This service is designed to take advantage of stock market fluctuations by being invested based on the anticipated market direction. Only clients that are looking for speculative investment strategy should participate in an investment timing service offered by a Financial Professional.
- **Modern Portfolio Theory**- Proposes that investing in a predetermined asset mix derived from the efficient frontier (dictated to achieve a specific client objective within a certain risk tolerance) and rebalancing with discipline, the portfolio is diversified across the various asset classes to mitigate unnecessary risk. This also provides for a portfolio that can operate without reliance on market timing and security selection; however, as with all equity investments positive returns are not guaranteed. In conjunction to investing in a diversified portfolio, each portfolio is constructed to meet specific parameters set forth in the individual client's investment needs and goals. These parameters can include, but are not limited to, tax efficiency, concentrated stock positions, and management history.

RISK OF LOSS

You must understand past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume future performance of any specific investment or investment strategy will be profitable. Investing in any type of security (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments, there are varying degrees of risk. You need to be prepared to bear investment loss including loss of original principal. Because of inherent risk of loss associated with investing, AISG and its Financial Professionals cannot represent, guarantee, or even imply that our services and methods of analysis:

1. Can or will predict future results; or
2. Successfully identify market tops or bottoms; or
3. Insulate you from losses due to market corrections or declines

There are certain additional risks associated when investing in securities through an investment management program.

- **Market Risk** - Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systematic risk.
- **Equity (Stock) Market Risk**-Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk** - When investing in stock positions, there is always a certain level of company industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company can be reduced.
- **Options Risk** - Options on securities can be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **Fixed Income Risk**-When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of

periodically paid income face the risk that inflation will erode their spending power. Fixed income investors receive set, regular payments that face the same inflation risk.

- **ETF and Mutual Fund Risk-** When investing in an ETF or mutual fund, there are additional expenses based on your pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs. Leveraged and inverse ETFs are not suitable for all investors and have unique characteristics and risks. Although there are limited occasions where a leveraged or inverse ETF can be useful for some types of investors, it is extremely important to understand that for holding periods longer than a day, these funds may not give you the returns you expect.

CONFLICTS OF INTEREST

A conflict of interest is defined as an interest that might incline us or our financial professionals – consciously or subconsciously – to make a recommendation that is not disinterested. Conflicts of interest may exist when we provide brokerage services to you. The mere presence of a conflict of interest does not mean that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. We are required to analyze our conflicts of interest and disclose all material facts relating to conflicts of interest that are associated with recommendations we make to you.

Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures that are designed to reasonably address conflicts of interest associated with our recommendations to you.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our financial professionals, our customers and third parties including our clearing firm and/or its affiliates and the companies whose investment products we sell. We offer a broad range of investment services and products and we receive various forms of compensation from our customers, product providers and money managers, and other third parties as described throughout this Disclosure. Securities rules allow for us and our financial professionals to earn compensation when we provide brokerage services to you, and the compensation that we and our financial professionals receive from you varies based upon the products or services you purchase and the frequency with which you engage in transactions. This can create financial incentives to recommend investment products, transactions, and services that generate greater compensation to us.

We are committed to taking appropriate steps to identify, mitigate and, in some instances, avoid conflicts of interest to ensure that we act in your best interest when providing brokerage recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship. In addition to this Disclosure, conflicts of interest are disclosed to you in the Form CRS, copies of which are available upon request.

COMPENSATION WE RECEIVE FROM OUR CUSTOMERS

TRANSACTION-BASED CONFLICTS

In your brokerage account, you pay certain fees as described above (comprised of commissions, sales charges and/or markups or markdowns) in connection with the buying and selling of each investment product, such as equity securities, bonds, mutual funds, UITs, variable annuities, fixed annuities, fixed insurance and/or alternative investments and complex products. Where these fees apply, the more transactions you enter into, the more compensation that we and your financial professional receive. This compensation creates an incentive for us to recommend that you buy and sell, rather than hold, these investments, even when it may be in your best interest to hold such securities. We also have an incentive to recommend that you purchase investment products that carry higher transaction fees. We maintain policies and procedures that are designed to help ensure that the recommendations made to you are made in your best interest.

ACCOUNT MAINTENANCE AND OTHER ADMINISTRATIVE FEES

For the services we provide or make available to you with respect to your brokerage account, certain account maintenance and other administrative fees are charged by our clearing firm and/or its affiliates, including transfer, wire, or other miscellaneous fees, as described in the Fee Disclosure available on our website. The Fee Disclosure includes fees that the clearing firm and/or its affiliates impose on you and which generally are not paid to us or shared with us, although in certain limited circumstances, when you pay account and service fees to our clearing firm and/or its affiliates, we may receive a portion of such compensation.

COMPENSATION WE RECEIVE FROM THIRD PARTIES

Third-party payments we receive may be based on new sales of investment products, creating an incentive for us to recommend that you buy and sell, rather than hold, investments. In other cases, these payments are made on an ongoing basis as a percentage of invested assets, creating an incentive for us to recommend that you buy and hold investments. The total amount of payments we receive varies from product to product and varies with respect to the third-party investment products we recommend. It also varies with respect to the compensation received in connection with other products and services that are made available to you, including the advisory services provided by our affiliated registered investment adviser, American Independent Securities Group, LLC. We have an incentive to recommend investment products and services that generate greater payments to us. This compensation generally represents an expense embedded in the investment products and services that is borne by investors. The types of third-party compensation we receive include:

COMPENSATION PROVIDED BY OUR CLEARING FIRM AND/OR ITS AFFILIATES

We receive the compensation described above in connection with transaction charges, margin balances, credit access line balances, and balances held in cash sweep accounts. You should understand that the receipt of compensation by us creates a financial incentive to us in connection with recommendations for these services as well as an incentive to continue using our current clearing firm and, therefore, constitutes a conflict of interest. However, our policy is to recommend investment services that are in your best interest.

TRAIL COMPENSATION

We receive ongoing compensation from product sponsors, which is shared with our financial professionals. This compensation (commonly known as trail commissions, service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product. We have an incentive to recommend that you purchase and hold interests in products that pay us higher trails. However, consistent with our regulatory obligations, our policy is to recommend the investment products that are in your best interest.

ADDITIONAL COMPENSATION FROM PRODUCT SPONSORS AND OTHER THIRD PARTIES

We and our financial professionals, associates, employees, and agents receive additional compensation from product sponsors and other third parties including:

- Gifts and awards, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives, including services for identifying prospective customers.
- Payment or reimbursement for the costs associated with education or training events that are attended by our employees, agents, and financial professionals, and for conferences and events that we sponsor.

- Payment or reimbursement for costs associated with due diligence of a new product offering. The amount of these payments is not dependent upon or related to whether, or the level of assets that, you or any other of our clients invest in or with the product sponsor. Product providers that sponsor and/or participate in education meetings, gifts and/or awards gain opportunities to build relationships with us and our financial professionals, which could lead our financial professionals to recommend such product provider's products. However, our policy is to recommend investment products and services that are in your best interest.
- Payment or reimbursement to aid the financial professional in transfer costs. A custodian may provide to reimbursement of account transfer fees (typically up to \$175 per account). In most cases, this additional compensation is passed through to the financial professional who may, in turn, use it to assist with expenses or to reimburse their client for costs incurred during the transfer.

THIRD-PARTY MONEY MANAGERS OR TAMP PROGRAMS

AISG and/or its financial professionals may receive reimbursements, marketing and distribution allowances, due diligence fees, or other compensation based on deposits and/or assets under management directly from third party asset manager program sponsors (collectively "Third-Party Money Managers") for the costs of marketing, distribution, business and client development, educational enhancement, and/or due diligence reviews incurred by AISG and/or the financial professional relating to the promotion or sale of the Third-Party Money Manager's products or services. AISG financial professionals may receive asset-based fees in their capacity as a financial professional or solicitor, as well as reimbursements or marketing allowances for marketing expenses and due diligence trip costs incurred by the financial professional.

While the arrangements AISG has with each sponsor varies, a third-party money manager may pay AISG up to 10 bps (0.10%) of new assets under management (received monthly or quarterly in forward or in arrears), which is part of the advisory fee charged to client.

INSURANCE CARRIERS

Revenue sharing agreements with each insurance company may vary ranging from 5 bps up to 150 bps (1.00%) of the gross amount of insurance and/or annuity product sales. Providers of Insurance and/or annuity products may also make payments to AISG or its affiliates to support and participate in marketing and educational efforts, such as conferences and seminars.

PRODUCT SHARE CLASSES

Some product sponsors offer multiple structures of the same product (e.g., mutual fund share classes) with each option having a unique expense structure, and some having lower costs to you as compared to others. We are incentivized to make available those share classes or other product structures that will generate the highest compensation to us. However, our policy is to recommend the share class that is in your best interest.

PAYMENT FOR ORDER FLOW

We do not receive compensation in exchange for routing orders to broker-dealers or market makers for the execution of trades.

COMPENSATION RELATED TO PROPRIETARY PRODUCTS

We do not have any proprietary products.

COMPENSATION RELATED TO OUR AFFILIATES

We provide a variety of execution and other brokerage services to investment advisory clients of our affiliated registered investment adviser, American Independent Securities Group, LLC, on a fully disclosed basis through our clearing firm. We receive compensation for the provision of those services.

COMPENSATION RECEIVED BY FINANCIAL PROFESSIONALS

As discussed throughout this Disclosure, our financial professionals are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to customers, including brokerage account activity. This compensation may vary by the product or service associated with a brokerage recommendation. In addition to upfront transaction-based compensation, some products feature on-going residual or “trail” payments. Thus, financial professionals are incentivized to recommend products that have higher fees as well as those with on-going payments. Typically, our financial professionals receive a set payout level of the brokerage commissions or fees you are charged as well as any trail payments. This payout level is reviewed annually, or by exception, and may graduate or increase to another, higher set payout level, based on the prior year’s production.

As a result, financial professionals have an incentive to provide brokerage recommendations that result in the sale of more investment products and services, as well as investment products and services that carry higher fees. Financial professionals also have an incentive to provide brokerage recommendations to gather more assets and accounts and to increase brokerage trading activity. We have controls established to identify and mitigate this risk. Our policy requires that our financial professionals recommend the investment products and services that are in your best interest and we maintain policies and procedures designed to ensure that recommendations by our financial professionals are in your best interest.

Financial professionals also have an incentive to recommend that customers move or transfer assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA), generally referred to as a “rollover,” because of the compensation they will receive. We maintain policies and procedures designed to ensure that rollover recommendations are in your best interest.

Brokerage accounts, unlike advisory accounts, do not feature an on-going fee based on assets under management. Financial professionals have an incentive to recommend that you transition your brokerage services account to an advisory account to generate on-going revenue where your brokerage account has minimal activity. Further, financial professionals have an incentive to recommend that you transition your brokerage account to an advisory account after you have already placed purchases resulting in commissions and/or other transaction-based brokerage fees. We have controls established to identify and mitigate this risk. Financial professionals also have an incentive to provide higher levels of service to those clients who generate the most fees.

We typically do not provide recruitment compensation to financial professionals who join our firm from another financial firm. However, we may pay for or cover expenses that are typically charged to clients who transition or transfer their accounts from another financial firm to our firm, which is a benefit to such clients, and also a benefit to our financial professionals in the form of such clients not being charged such transition costs, which they would otherwise pay. We maintain policies and procedures designed to ensure that recommendations, including transition or transfer recommendations by our financial professionals are in your best interest.

Product providers, on some occasions, may reimburse us and/or our financial professionals for expenses incurred by individual branch offices in connection with training and educational meetings, conferences, or seminars for financial professionals and participants. Also, product providers may provide financial professionals with promotional items or other non-cash compensation (also referred to as gifts, which are limited to \$100 per year, per financial professional and per vendor), meals and/or entertainment or other non-cash compensation. Consequently, product providers that sponsor and/or participate in education meetings and recognition trips gain opportunities to build relationships with financial professionals, which could lead our financial professionals to recommend such product provider’s products.