

Abraham Securities Corporation

Regulation Best Interest Disclosure

This guide summarizes important information concerning the scope and terms of the brokerage services we offer and details the material conflicts of interest that arise through our delivery of brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you may receive from us.

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (*SEC*) as a broker-dealer and are a member of the Financial Industry Regulatory Authority (the "*FINRA*"). Our Form CRS contains important information about the types of services we offer along with general information related to compensation, conflicts of interest, disciplinary action and other reportable legal information. For more information, you should also review any brokerage and advisory agreements you entered with us and other disclosures (including Form ADV Part II). You can find these form under "*Disclosures*" on our website at www.abrahamco.com

Please carefully review and consider the information in each section below.

Brokerage services.

When you establish a brokerage account with us, you can buy, sell, and hold investments within your account. The primary service we provide is our trading capability. We execute purchases and sales on your behalf, and as directed by you. In our brokerage services relationship, we can trade with you, for our own account, for an affiliate or for another client, and we can earn a profit on those trades. However, we are not required to communicate it in advance, obtain your consent, or inform you of any profit earned on trades. All of our trades are executed on an "agency" basis. This means we buy/sell for you at the best price available, within our system, and do not make money buying or selling to you as a "principal" or "market maker" from our own inventory/account. The capacity in which we act is disclosed on your trade confirmation.

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 firms, Hilltop Securities or our custodian, TD Ameritrade Institutional. This is generally referred to as a "margin loan." The portion of the purchase price that is loaned 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 used as collateral for a margin loan, some assets are not available for margin collateral purposes.

Given that a margin-enabled brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, our default brokerage option is our cash brokerage account. You must execute a separate margin agreement before engaging in margin brokerage activity. Included with your margin agreement is a copy of the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us. 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, Delivery Versus Payment (DVP) accounts, estate and trust accounts, partnership accounts, individual retirement accounts and other types of retirement accounts as outlined in our account agreement(s). You should refer to our account agreement(s) for more information concerning available account types or speak with a financial professional.

[Incidental Brokerage Services, Recommendations and Account Monitoring](#)

Within your brokerage account, we may also provide other incidental services such as research reports, and recommendations to buy, sell, or hold assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you. It is important for you to understand that when our financial professionals make a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation. It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. If you prefer on-going monitoring of your account or investments, you should speak with a financial advisor 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. These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities 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 have entered into agreements with [Hilltop Securities](#) (also referred to herein as “Clearing Agent”) and [TD Ameritrade Institutional](#), referred to herein as “Custodian”) to carry your account and provide certain back office functions. We and our Clearing/Custodial agents share responsibilities with respect to your account as set forth in the Customer Agreement that was delivered to you upon opening of your account. Please refer to the Customer Agreement for more information on how such responsibilities have been allocated between us.

[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 you may decide to invest in higher-risk investments offering the potential for greater returns. We align risk tolerances with investment needs to offer you different investment objectives from which to choose (see below). You should select the investment objective and risk tolerance best aligned with your brokerage account goals and needs. Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with “Income” investors typically holding the smallest percentage of higher-risk investments, followed by “Growth and Income” investors holding some higher-risk investments, and finally “Growth” investors holding a significant portion of their portfolio in higher-

risk investments. Risk tolerance also varies, and we measure it on a continuum that increases from “Conservative” to “Moderate” to “Aggressive,” and finally “Trading and Speculation.”

For more information about risk see specific risk disclosed in your Customer Agreement document provided you received when you opened your account and, as may be amended or supplemented from time to time, as well as Abraham’s Form ADV and other information regarding risks in connection with specific investments you make (i.e. prospectuses, etc.). You should also ask your financial professional about risk associated with your investments. Our recommendations are based in part on your risk tolerance and investment objective. We encourage you to carefully consider your investment objective 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 such other sweep arrangements made available to you. You will receive additional information concerning the Cash Sweep Program in your account agreement(s).

Account Minimums and Activity Requirements

We have established a minimum initial account balance required to open a brokerage account with us of \$50,000. This minimum balance requirement is sometimes waived under certain circumstance. 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 new account application(s) 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 dedicated financial professional may choose to service only those brokerage account clients who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you orally by your financial professional.

Brokerage Service Models and Products

Our financial professionals have general business discretion to operate and service their book of business. Most of the accounts serviced by our financial professionals are Full Service, meaning that you will receive communications from your financial professional, including securities recommendations and other advice, and servicing of your account(s) such as deposits and distributions. Your financial professional is also available to you to discuss your account(s).

Brokerage Platform Products

Our brokerage platform offers a variety of product types including but not limited to public equity and fixed income, as well as alternative investments such as hedge funds and private equity. Our product platform currently includes:

- Equity Offerings—Initial and secondary public offerings of common stock, master limited partnerships, and other equity-related securities.
- U.S. and International Equity Securities—U.S. common stock and preferred securities, American Depository Receipts, common stock of companies organized outside the United States, master limited partnerships, closed-end funds and exchange-traded funds (“ETFs”) traded on an exchange or in the over-the-counter market. Equity securities may be made available to certain clients through initial and secondary public offerings.

- Listed Options on U.S. Equities–Puts and calls that are traded on an exchange. Clients must be approved for options trading. Municipal Securities–Bonds issued by states, cities, counties, and other governmental entities.
- Taxable Fixed Income Securities–Corporate bonds, both investment grade and non-investment grade, organized under U.S. and non-U.S. law, U.S. Treasuries or federal agency bonds, and other debt securities issues by governments and their associated agencies.
- Convertible Bonds–Corporate bonds that may be converted into a pre-determined number of shares.
- Free Credit Balances–Funds you hold in your account in cash. For the avoidance of doubt, free credit balances are not inclusive of cash equivalents, such as money market funds or bank deposits.
- Mutual Funds–Pooled investment vehicles, including money market funds, managed by an investment manager, which invest in specific investment assets, such as stocks and bonds, in accordance with stated objectives. These funds can be purchased by all investors, although Abraham may offer only certain share classes to investors with certain asset levels or investments at certain levels. As an alternative to third party mutual funds, you may access a variety of exchange traded funds in a brokerage or advisory account.
- Special Investments–Generally, privately placed securities (such as private equity, private real estate, private credit, hedge funds, or traditional long-only manager strategies offered through LLC structures) may be made available only to eligible clients. LLCs are structured as private investment funds and are treated as partnerships for tax purposes. Special investments, as described above, can be illiquid and carry more risk than publicly traded securities. We offer external (managed by third-party, unaffiliated advisors) special investments, including multi-manager funds, single manager funds and single company investment, or co-investment, private equity opportunities. Certain large institutional investors who qualify may be offered the opportunity to purchase privately placed securities that are not offered more widely to PWM clients.

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 for everyone given the fees and costs involved.

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 (ETPs), mutual funds, annuity contracts, exercising options and other investment purchases and sale. These transaction-based fees are generally referred to as a “commission,” “mark up,” “sales load,” or a “sales charge.” Transaction-based fees are based on a host of 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
- Available discounts and/or fee waivers

Account and Service Fees

You will pay fees for various operational services provided to you through your brokerage account. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. 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 more information concerning our administrative and service fees, speak with a financial professional.

How We Are Compensated

The fees you pay depend on the agreed upon fee arrangement, the nature of your relationship with us – brokerage, advisory, or both –and the investments transacted in your accounts. Charges applied to your accounts and transactions may include execution charges (including commissions, and commission equivalents), investment advisory fees, custody fees and administrative costs, as well as, if applicable, the fees and expenses of underlying pooled investment vehicles held in your account. Depending on the products in which you invest, you may receive product specific documentation that includes more information on specific charges associated with such products, including prospectuses for mutual funds initial public offerings and structured products. In addition, for certain secondary trades, your trade confirmation will disclose the amount of any commission charged (but will not disclose charges that may be embedded in the price of the security, such as a markup). Certain investments may be more expensive for you than others even if they seek to implement the same or a similar investment strategy. For example, structured notes will generally be more expensive than ETFs.

Brokerage Accounts

With respect to brokerage accounts, you will be charged on a transactional basis. In this regard, commissions will generally be charged in connection with transactions involving equities, master limited partnerships (“MLPs”), ETFs, listed options, and any other securities where all trades are executed on an agency basis. Execution costs are generally higher for brokerage accounts than for advisory accounts. If you borrow on margin or from a securities-based loan in any account you maintain, you will incur interest charges. Additional fees, such as custody fees and administrative costs, may apply. Charges related to a specific product, such as mutual funds, may include certain embedded fees, as described in the applicable product documentation. We typically do not charge execution fees for mutual funds.

Advisory Services

Certain broker-dealer client professionals are also investment adviser representatives of Abraham & Co., Inc., a Registered Investment Adviser and affiliate of this broker-dealer firm. Information regarding our advisory business is summarized in the Form CRS and described in our Form ADV which is available on our website. Additional information regarding these advisers may be found on the SEC’s website at www.adviserinfo.sec.gov.

Advisory Accounts

With respect to advisory accounts, you will be charged an account level advisory fee, and may be charged certain transaction costs depending on your fee structure. The advisory fee is generally calculated based on the monthly average market value of the account, as set forth in the *Private Asset Management Account (“PAMA”)* agreement fee schedule. The monthly average market value or notional value is generally determined using end-of-day quantities and end-of-month market prices for each security or holding. Transaction costs include the costs of execution, as well as other charges related to the product, such as mutual funds, which may include certain embedded fees. For such products, we may refer you to the product documentation for details on such charges. Account fees and expenses may be more or less expensive depending on the model chosen. When determining your pricing model, you should consider, among other factors, your asset allocation, and your preferences.

Additional Information Regarding Particular Products

- Equity Offerings–We sell initial and secondary public offerings of equity securities at the offer price. There is no separate execution charge for purchases of securities in such offerings (other

than in block trades and “spot” secondaries) but there will be such charges on sales of such securities.

- U.S. and International Equity Securities—You will be charged a commission for agency trades or a spread or markup (markdown) for principal transactions when you buy or sell common stock, preferred securities, American Depositary Receipts (“ADRs”), MLPs, closed-end funds and ETFs traded on an exchange or in the over-the-counter market. ETFs also carry embedded fees that are charged by the manager. Transactions in ADRs generally include certain embedded execution costs including conversion or creation fees, foreign exchange costs and foreign tax charges.
- Listed Options on U.S. Equities—You will be charged a commission for agency trades or a commission equivalent for principal trades when buying or selling a listed option based on the number of contracts or the principal amount of the trade, as reflected on your trade confirmation. You also pay a commission in connection with the receipt or delivery of shares underlying an option upon exercise or assignment of the option contract.
- Municipal Securities—We sell municipal bonds on an agency basis in the secondary market where bond trades may carry a third-party execution charge, depending on the type of security and its duration. These execution charges are included in the total price reflected on your trade confirmation but are not separately identified.
- Taxable Fixed Income Securities—We also sell taxable fixed income securities and preferred securities on an agency basis. Secondary market bond trades may carry an execution charge, depending on the type of security and its duration. These execution charges are included in the total price reflected on your trade confirmations and may in some cases be disclosed as a markup on such confirmations. Newly issued Treasury securities are offered only by auction.
- Convertible Bonds—We sell convertible bonds on an agency basis on secondary transactions of convertible bonds that trade on an exchange, we charge a commission on convertible bonds that is reflected on your trade confirmation.
- Mutual Funds—All mutual funds carry built-in operating expenses that affect the fund’s return. Examples include investment management fees, distribution, and marketing fees (called 12b-1 fees or annual distribution fees) and mutual fund transaction fees. Details on the operating expenses are included in each fund’s prospectus in the expense table or offering document. Different share classes may carry different investment services fees, which are also described in the fund’s perspective.
- Special Investments—Fees for special investments, as described above, are set forth in the offering documents associated with the investment. Certain funds may carry built-in operating expenses that affect the fund’s return. Examples include investment management fees and fund transaction fees. Details on the operating expenses are included in each fund’s prospectus or offering document.

Revenue Sharing

The Firm does not receive from its clearing agent or custodian firms any share of revenue generated from ACAT Termination Fees, Inactive Account Fees, and Postage & Handling service charges to your account. The Firm may receive revenue from Margin Interest, Lending Services, and Sweep Programs. The firm does not receive compensation from Mutual Funds in the nature of 12b-1 fees as we consider this an avoidable conflict of interest with our clients. To offset marketing costs associated with certain investment products the firm may receive compensation from the Managing Broker-Dealer of outside sponsors and issuers of directly held investments such as Direct Participation Programs, Private REITs, and other Alternative Investment sponsors and issuers. Such compensation ranges from 0% to 2% calculated upon the investment amount.

When Fees are Applied to Clients' Accounts

Brokerage Fees: Brokerage fees are charged on a transaction basis and may be reflected on your trade confirmations (either as commissions / commission equivalents for equity securities or included in the net price shown for fixed income or preferred equity securities). Such fees will be debited from your account upon settlement of the transaction.

Advisory Fees: Advisory fees are calculated and payable quarterly in arrears and will be debited from your account. For more information regarding fees, see 'Fees applicable to clients' accounts, above.

Other Fees: Other fees, such as custody fees if applicable, may apply to and be debited from your account on an annual basis by our clearing agent or custodian. We pass these fees along to our clients without markup. More information about fees and charges is available from us, or directly from our clearing agent and/or custodian, at any time and is included in the new account applications, *PAMA* agreement, Abraham's Form ADV, the Form ADV and of each third-party manager. The fees listed in Abraham's Form ADV are negotiable and you pay the fee stated in the fee schedule and *PAMA* agreement that you sign when you agree to invest in any managed strategy. Abraham's Form ADV fee schedule represents the highest fee that may be charged absent special circumstances.

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 financial professionals on product characteristics, business building ideas, successful sales techniques, suitability as well as various other topics. In addition, certain vendors such as 401k plan providers provide free or discounted research or other vendor products and services, which can assist our financial professionals with providing services to the plan. Likewise, from time to time, product providers will reimburse us for expenses incurred by individual branch offices in connection with conducting training and educational meetings, conferences, or seminars for financial professionals and participants. Also, financial professionals may receive promotional items, meals or entertainment or other non-cash compensation from product providers. We require all such product providers to submit a request to invite our financial professionals to such events for approval by the firm to confirm that such compensation and non-cash compensation is reasonable and to mitigate conflicts of interest. 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 Financial professionals; these relationships could lead to sales of that company's products.

Operational Fees

We do not receive compensation for various operational services provided to you by or through our clearing agent or custodian.

Compensation for Termination of Services

Other than fees specified in new account applications or *PAMA* agreement, the firm does not receive any additional compensation in connection with the termination of its services. If you have questions or need additional copies, contact your financial advisor. Brokerage –Excluded Advisory Assets As described above, our brokerage services differ from our advisory services. However, in some instances we may allow an advisory client to trade what are referred to as "excluded assets" within their advisory services account. Excluded assets are not subject to our advisory program fees. Instead of our advisory fees, these excluded assets are subject to our standard brokerage charges when traded.

Conflicts of Interest

A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially averse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you. Please review additional conflicts of interest disclosures, including in advisory and brokerage account agreements, prospectuses and other product disclosures, trade confirmations and account statements you receive from us. Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our financial professionals, our clients and third parties. Securities rules allow for us, our financial professionals, and our affiliates to earn compensation when we provide brokerage services to you. However, the compensation that we and our financial professionals receive from you varies based upon the product or service you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation to us. We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure 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 your account agreement(s) and disclosure documents, our product guides and other information we make available to you.

Compensation We Receive from Clients

Transaction-based conflicts:

In your brokerage account you pay certain fees (commissions and sales charges) in connection with the buying and selling of each investment product, including mutual funds, variable annuities, alternative investments, exchange traded funds, equity securities, and bonds. 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. We also have an incentive to recommend that you purchase investment (including insurance products) that carry higher fees, instead of products that carry lower fees or no fees at all.

Markups and markdowns for principal transactions:

We do not act as principals and therefore do not markup or markdown securities we buy and sell for our clients.

Account maintenance and other administrative fees:

For the services we provide or make available to you with respect to your brokerage account, our custodian and/or clearing agent will charge certain account maintenance and other administrative fees, including transfer, wire, or other miscellaneous fees, as described in their own fee schedule provided to you on an annual basis. We do not participate in these fees or charges and pass them along to you at our cost.

Compensation We Receive from Third Parties

Third-party payments we receive maybe based on new sales of investment products, creating an incentive for us to recommend 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 (or continue to invest through a third-party manager or adviser). The total amount of payments we receive varies from product to product and varies with respect to the third-party investment management products we recommend. It also varies from the compensation we receive in connection with other products and services we may make available to you, including advisory services. 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, even where it is not paid by the Product Sponsor and not directly from the investment product or other fees you pay. The types of third-party compensation we receive include:

- Revenue Sharing: The firm may receive compensation in the nature of selling group compensation for certain products and sharing in operational and other revenue.
- Trail Compensation: We do not recommend or participate in products that pay 12b-1 fees or trailing compensation.

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 clients.
- 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.
- Reimbursement from Product Sponsors for research and technology-related costs, such as those to build systems, tools, and new features to aid in servicing clients.

Note: The amount of these payments is not dependent or related to the level of assets you or another of our clients invest in or with the Product Sponsor.

Product Share Classes

Some Product Sponsors offer multiple structures of the same product (e.g., mutual fund share classes) with each option having unique expense structure, and some having lower costs to you as compared to others. We will endeavor to recommend or purchase for you, those share classes or other product structures that will generate the lowest cost for you.

Compensation Related to Proprietary Products

Brokerage recommendations can include a recommendation to invest in a product or service that is managed, issued, or sponsored by us or our affiliates. We and our affiliates will receive additional compensation or economic benefits from investments by you in such products, including, but not limited to, management credits, service fees and similar revenue sharing arrangements. The compensation related to these may be greater than similar products provided by third parties. Thus, we have an incentive to recommend investments in proprietary/affiliated products.

Compensation Received by Financial Advisors

Financial professionals are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients, including brokerage account activity. This compensation may vary by the product or service associated with a brokerage recommendation. Thus, financial professionals are incentivized to recommend products that have higher fees as well as those with on-going payments. Typically, a financial professional's payout schedule (periodically adjusted by us at our discretion) increases with production and asset levels. The same payout schedule is reduced when financial professionals discount certain client fees and commissions, or client relationship asset levels are below minimums established by us from time to time. As a result, financial professionals have an incentive to provide brokerage recommendations that result in selling more investment products and services, as well as investment products, including annuities and insurance products/services that carry higher fees. Financial professionals also have an incentive to provide brokerage recommendations to gather more assets under management and to increase brokerage trading activity, and to reduce the

number of discounts available to you. Financial professionals have an incentive to recommend you rollover assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA) 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 are incentivized (if properly licensed) to recommend 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 are incentivized to recommend 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. Recruitment compensation may be provided to financial professionals who join our firm from another financial firm. This compensation, which may vary by financial professional, often includes either an upfront or backend award based upon new client assets to the firm and/or revenue generated from such client assets. This creates an incentive for the financial professional to recommend the transfer of assets to the firm, including brokerage assets, to earn this compensation. Non-cash compensation is provided to financial professionals in the form of credits toward business expenses and certain titles. Financial professionals are also compensated in the form of education meetings and recognition trips. Portions of these programs is subsidized by external vendors and affiliates, such as mutual fund companies, insurance carriers, or money managers. Consequently, product providers that sponsor and/or participate in education meetings and recognition trips gain opportunities to build relations with financial professionals, which could lead to sales of such product provider's products. Financial professionals also receive promotional items, meals, entertainment, and other non-cash compensation from product providers up to \$100 per year for gifts per vendor and \$1,000 per year for meals per vendor.

Other Financial Professional Activities

Financial professionals may be motivated to place trades ahead of clients to receive more favorable prices than their clients. Financial professionals who are transitioning through a succession plan may be incentivized to make brokerage recommendations designed to increase the value of their "book of business" through asset accumulation or brokerage trades that are not in your best interest. Financial professionals who receive clients from a retiring financial professional are incentivized to meet growth goals and may make recommendations not in your best interest.

Contact Information

If you have any questions concerning the information contained in this disclosure, please contact your financial professional. You can also contact our Compliance Department available Monday through Friday, 8 a.m. to 4 p.m. at (253) 851-7486 or email us at abeco@abrahamco.com