

INFORMATION ABOUT OUR BROKERAGE SERVICES

As a valued retail customer of Rothschild Investment Corporation (“Rothschild” or our “Firm”), we are providing you with this disclosure to help you better understand the brokerage services we offer and our relationship with you. The discussion below is applicable where our Firm and our individual financial professionals recommend a securities transaction (or investment strategy involving securities) in our capacity as a broker-dealer to a “retail customer.” This term refers to individuals (including their legal representatives) to whom we provide investment recommendations that are used primarily for personal, family, or household purposes.¹ We encourage you to contact your Rothschild financial professional if you have any questions.

Scope and Terms of Our Relationship with You. As your broker-dealer we buy and sell securities for your account at your direction, and provide you with investment recommendations. You make the ultimate decisions regarding the purchase or sale of investments. Periodically, your financial professional may review the holdings in your brokerage account to determine whether or not to make additional recommendations, but we do not monitor your brokerage account investments. We do not impose account or investment minimums to open a brokerage account. While we act as your broker, we do not maintain physical custody of your brokerage account assets. In most cases, those assets are held in the custody of Pershing, LLC, the clearing broker with whom Rothschild has a relationship. Pershing also provides services relating to settlement of investment trades, reporting and other matters. In other cases, certain brokerage assets may be in “direct-held” accounts – for example, accounts held directly by and with a mutual fund family, or a state’s 529 College Savings Plan. As your broker, we are compensated through commissions and other transaction-based charges, rather than investment advisory fees (which are paid only for investment advisory services). These commissions and other charges are described below under *Information About Fees and Costs*.

Our Capacity as Your Broker. When Rothschild and your individual Rothschild financial professional make recommendations to you about securities (or strategies involving securities) with respect to your brokerage account, we act in the capacity of your broker-dealer firm (and an associated person of a broker-dealer firm, for your individual financial professional). When we act in this capacity, we are not acting as an investment adviser. As a Firm, Rothschild is registered as both a broker-dealer and an investment adviser, but we only act as an investment adviser with respect to advisory relationships and accounts. Please review our *Form CRS* for a summary of the differences between brokerage and investment advisory services, and ask your Rothschild financial professional to assist you with any questions you may have.

If you have both a brokerage account and an advisory account with Rothschild (for both of which your financial professional makes recommendations), at the time of a recommendation he or she will explain orally to which account(s) the recommendation applies.

Information About Fees and Costs. If you engage Rothschild to provide you with brokerage services, you will pay certain fees and costs. Some are charged for services and expenses that do not necessarily depend on the specific investments you select. They include the following:

- Rothschild charges your account a \$3.50 service charge for each trade (purchase or sale) we execute, which we keep to help offset

certain expenses we incur, including charges we pay to Pershing for its clearing and settlement services.

- If you have an individual retirement account (IRA) with us for which Pershing acts as the custodian, Pershing charges you an annual IRA maintenance fee which is currently \$43.50, or \$12.00 if your IRA holds only mutual funds.
- If your account (IRA or otherwise) is held at Pershing (as opposed to a direct-held account), Pershing charges you a \$0.75 fee for each paper trade confirmation or account statement; this fee does not apply if you have consented to electronic document delivery.
- Pershing charges a fee (currently \$20.00) for each wire transfer.
- If you use Pershing’s margin lending service (see *Margin Lending* below) you will pay interest on the borrowed funds to Pershing, a portion of which Pershing shares with Rothschild.

Also, you will pay – directly or indirectly – other fees and costs that are specific to certain investments and transactions. We have summarized those material fees and costs below. Please note that, in all cases, if we recommend a particular security for your brokerage account, you will be furnished with additional, more specific information with respect to the fees and costs associated with the specific investment:

- **Equities (Stocks).** Each time you buy or sell stocks, we will charge your account a brokerage commission. The commission will increase the larger the trade is. However, as a percentage of the principal value of the trade, our commission rates decrease as the size of the trade increases. While our commission rate varies from trade to trade, a reasonable estimate of the average rate would be 2.5%. However, note that the smallest commission we will charge for a stock trade is \$60. You will be informed of the exact commission amount in connection with any specific stock trade. Likewise, if you purchase certain American Depositary Receipts (ADRs), Rothschild may receive certain “ADR Transfer Fees” which will be set forth in detail in your ADR trade confirmation statements.
- **Fixed Income (Bonds and CDs).** Each time you buy or sell bonds or CDs, we will charge your account a brokerage commission. The commission will increase the larger the trade is. However, as a percentage of the principal value of the trade, our commission rates decrease as the size of the trade increases. While our commission rate varies from trade to trade, a reasonable estimate of the average rate would be 0.5%. However, note that the smallest commission we will charge for a fixed-income trade is \$5. You will be informed of the exact commission amount in connection with any specific fixed-income trade. On occasion, when you buy or sell fixed-income investments, we may execute a “riskless principal transaction” on your behalf. This means that, where you instruct us to buy or sell an investment for you, we will first buy it and then sell it to you, or buy it from you and then sell it. For such principal trades, we charge you a mark-up or mark-down (commission-equivalent) on the market price of the security you buy or sell. While mark-ups and mark-downs are often similar in amount to the brokerage commissions we would charge you if the trade were directly between you and a third-party, they can be somewhat higher or lower in some cases.
- **Mutual Funds.** When you buy shares of a mutual fund, the fund will often pay an up-front sales charge (sometimes referred to as a “front-end load” or “sales commission”) to the selling broker(s), which reduces the amount of your investment. As a percentage of

¹ If we provide services to you as your investment adviser, if you have authorized us in writing to do so we can also act as the “executing” broker with respect to investment transactions that occur in your advisory account. In those cases our

Firm receives commissions and other transaction-based payments in addition to our advisory fees; however, in such cases we do not share the commissions and other transaction-based charges with our individual financial professionals.

the amount invested, the average up-front sales charge is approximately 5.5%. "Class A" shares of mutual funds are often associated with up-front sales charges. However, mutual fund share classes do not use standard naming conventions, so you should review the fund's prospectus to understand its fees and costs. Other share classes do not impose up-front sales charges, but impose charges if you sell your shares before a minimum period of time (often one year). These charges are referred to as "contingent deferred sales charges" (CDSCs) or "back-end loads," and are often associated with "Class C" shares. In most cases, CDSCs are 1%. In addition, the mutual funds we sell typically pay us ongoing compensation called "12b-1 fees" or "trails" as long as you hold your shares. Very generally, mutual funds with up-front sales charges (such as Class A shares) are more costly with respect to the initial purchase, but tend to have lower ongoing 12b-1 fees. In most cases, 12b-1 fees for Class A shares average 0.25%. Mutual funds without up-front sales charges (such as Class C shares) typically have higher ongoing 12b-1 fees, which are often 1%. Sales charges (including CDSCs), along with 12b-1 fees, are the primary sources of compensation Rothschild receives for selling mutual funds. These charges reduce the value of your investment.

Also, when you invest in a mutual fund, you will pay (indirectly) your *pro rata* share of the management fees, service fees and other ongoing expenses incurred by the fund. Expressed as an annual percentage, these expenses are often referred to as the fund's "expense ratio." Fund expense ratios differ significantly, but on average, expense ratios for index (passive) mutual funds are often about 0.2%, while expense ratios for most actively-managed funds range from 0.5% to 1%, and in some cases may be as high as 2.5%. A fund's expense ratio, sales charges and 12b-1 fees (along with other important information) are described in the fund's prospectus. We encourage you to carefully review any fund's prospectus before making an investment.

- **Exchange-Traded Funds (ETFs).** Each time you buy or sell shares of an ETF, we will charge your account a brokerage commission. The commission rates we charge for ETF trades are the same as for stock trades, as described above. Because ETFs trade on exchanges like stocks, we do not receive sales charges or "loads" for selling them to you. However, like mutual funds, when you invest in an ETF you will pay (indirectly) your *pro rata* share of the ETF's management fees, service fees and other ongoing expenses. Expressed as an annual percentage, these expenses are often referred to as the ETF's "expense ratio." ETFs are usually index-tracking (passive) funds, and their expense ratios usually average about 0.45%. An ETF's expense ratio, and more detail about the various fees and costs associated with an investment in the ETF (along with other important information), are provided in its prospectus. We encourage you to carefully review any ETF's prospectus before making an investment.
- **Options.** Each time you buy or sell/write option contracts, we will charge your account a commission. The commission will increase the larger the trade is. However, as a percentage of the principal value of the trade, our commission rates decrease as the size of the trade increases. While our commission rate varies from trade to trade, a reasonable estimate of the average rate would be 2.5%. However, note that the smallest commission we will charge for an option trade is \$50. You will be informed of the exact commission amount in connection with any specific option trade.
- **529 College Savings Plans.** When you make contributions to a 529 College Savings Plan, they are invested among various underlying investment options from which you choose. Typically, 529 College Savings Plans have share class structures that largely mirror those of mutual funds. Therefore, 529 College Savings Plans sold through

Rothschild pay us sales charges and trails that are similar in amount to those paid by mutual funds. In addition to the compensation we receive, you will pay additional fees and costs such as program management fees and maintenance fees, which are typically deducted from your underlying investment options. More detail about the sales charges and other fees and costs associated with a state's 529 College Savings Plan (and other important information) is provided in its offering document, which we strongly encourage you to read carefully before making contributions.

- **Variable Annuities.** If your Rothschild financial professional is licensed to sell annuities and other insurance products, he or she may recommend that you purchase a variable annuity. If you do, we will receive an up-front sales commission from the issuing insurance company. The maximum commission rate we can receive for selling variable annuities is 5.5%. In many cases, the insurer will also pay us trail compensation for ongoing services and maintenance as long as you continue to hold the annuity, which will not exceed 1.5% annually. Many variable annuities offer different share classes. Typically, some share classes will pay higher up-front sales commissions but lower trails, while others will pay lower up-front commissions but higher trails. With any purchase of a variable annuity, the single most significant cost you will incur is the premium(s) you will pay to the insurance company, and you will also pay (indirectly) management fees and other expenses that range from 0.5% to 3% for the underlying investment options you select within the variable annuity. More detail about the fees and costs associated with a particular variable annuity (along with other important information) is provided in its prospectus, which we strongly encourage you to read carefully before purchasing one.

The discussions above encompass the vast majority of securities that Rothschild and our financial professionals may recommend and sell to you as a retail customer. If we recommend an investment to you that is not addressed above, you will receive information about material fees and costs at the time or before the recommendation is made.

Our Brokerage Services. As noted above, our brokerage services include buying and selling securities for your account at your direction, and providing investment recommendations. We offer different types of accounts (e.g., IRAs, 529 College Savings Accounts, etc.) that may be either held in the custody of Pershing, or "directly held" with a mutual fund family or other third party financial institution. As needed or requested, we can also provide you with additional services that are ancillary (in support of) our brokerage services, such as research and general investment education. When your Rothschild financial professional recommends securities, or strategies involving securities, to you, he or she will consider the potential risks, rewards and costs in light of your investment profile. And, your Rothschild financial professional will only make a recommendation to you if – at the time of the recommendation – he or she has a reasonable basis to believe that it would be in your best interest, and would not place our Firm's interest (or the financial professional's interest) ahead of yours.

Our investment philosophy is that the securities and strategies we recommend to you should be personalized. In formulating recommendations for your account, we will consider your investment profile, including your age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information you share with us. And before recommending a particular investment to you, we will consider other alternatives that are reasonably available. It is not our philosophy to subscribe to a specific "play book" or prescriptive investment process for all of our customers.

Supporting Services. Other supporting services we offer through our

relationship with Pershing include:

- **Margin Lending.** Margin lending means that you borrow money to invest. You will typically need to use margin lending if you trade options, or in certain other situations. The interest you will pay to Pershing on margin borrowing varies based on market interest rates.
- **Cash Sweep.** We offer a number of “cash sweep” options which are various money market mutual funds. A “cash sweep” means that uninvested cash in your account is automatically “swept” into the fund(s) until it is reinvested or otherwise used by you.

Limitations on Our Services. You should understand that there are a number of material limitations on our brokerage services, which include:

- **Not a Discount Broker.** Rothschild is a full service brokerage firm, not a discount broker. If you only wish to trade securities based on your own research, and you do not wish to receive recommendations or other services, an online or other discount broker would almost certainly cost you less money, and thus would likely be a better overall choice, than a brokerage account with Rothschild.
- **Investment Limitations.** Rothschild generally offers a wide range of investments, but there are many investments in the marketplace that we do not offer. Just for example, we do not offer mutual funds, ETFs, 529 College Savings Plans or variable annuities from every issuer or sponsor. Likewise, there are certain categories of investments that we typically do not recommend to retail customers, such as unit investment trusts (“UITs”), exchange-traded notes, real estate investment trusts (“REITs”) and “alternative” investment funds that are private placements such as hedge funds, private equity funds, private real estate funds and venture capital funds. While we are not prohibited from recommending or selling these products, we do not recommend them to retail customers in most cases.
- **No Discretionary Investment Management.** Our Firm and financial professionals cannot generally make investment decisions for you, and we cannot manage your brokerage account on a discretionary basis. This means that, with some narrow exceptions, we cannot buy or sell investments for your brokerage account without first obtaining your authorization in each case. If you are uncomfortable or unwilling to make investment decisions even with recommendations from a financial professional, you may wish to consider whether an advisory account (which can be managed by us on a discretionary basis if you desire) might be a better overall choice for you.
- **Financial Professionals – Licensing Limitations.** Our Firm is dually-registered with the SEC as a broker-dealer and investment adviser. This means our Firm is permitted to provide you with both brokerage and investment advisory services. And, most of our financial professionals are licensed to offer both brokerage and investment advisory services as representatives of Rothschild. However, some of our financial professionals are licensed to offer brokerage accounts and services only. This means they cannot provide or recommend investment advisory services or accounts. If this limitation applies to your Rothschild financial professional, this will be disclosed to you separately. In addition, some of our financial professionals are not licensed to recommend and sell certain products, such as annuities and other insurance products. You can research your financial professional’s experience and licenses on FINRA’s BrokerCheck website at brokercheck.finra.org.

Information About Conflicts of Interest. When we recommend securities transactions or investment strategies involving securities to you as your

broker, our Firm and our financial professionals have an obligation to act in your best interest and not put our interests ahead of yours. However, the ways we make money create some conflicts with your interests:

- **Trading Volume.** Our Firm charges a commission (or commission-equivalent) each time you buy or sell stocks, fixed-income investments, ETFs or options. Likewise, we typically receive a sales charge or other sales commission each time you buy a mutual fund, 529 College Savings Plan, variable annuity, or certain other products. The amounts of the commissions and other payments we receive increase the larger your trades or investments are. These commissions and other payments are shared with the individual financial professional whose customers generated them, and our financial professionals receive a lower percentage share for smaller trades (commissions under \$100) and a larger share for larger trades (commissions over \$200). Therefore, both our Firm and our financial professionals have a financial incentive to recommend that you buy and sell investments often, and make large trades and investments. At the same time, even though our total commission amount increases with the size of each trade, the commission rate (as a percentage of the principal value of the trade) typically decreases. So, we have a financial incentive to recommend higher numbers of smaller trades over fewer numbers of larger trades. We are prohibited from recommending a volume of trading (as to frequency, size or both) that would be excessive under the circumstances for the purpose of increasing commission revenues.
- **Third-Party Payments.** The sales charges, sales commissions and similar payments (including trail commissions, 12b-1 fees, etc.) that we receive for selling investment products including mutual funds, 529 College Savings Plans, variable annuities, etc. vary from product type to product type. They also vary in many cases from product to product within a single category (for example, two competing mutual funds). And, these payments are shared with the individual financial professional whose customers generated them. Therefore, both our Firm and our financial professionals have a financial incentive to recommend investments that pay us higher commissions and other fees than those that pay us less.
- **Rollovers and Transfers.** Both our Firm and our financial professionals will receive compensation if you move investment assets to us, such as through rollovers from retirement plans to IRAs, and transfers of accounts from other institutions. We would not receive compensation for accounts to which we provide no services. Therefore, both our Firm and our financial professionals have a financial incentive to recommend rollovers to IRAs serviced by us, and transfers of other accounts to us.
- **Brokerage vs. Advisory Services.**² Typically, the total compensation our Firm receives for providing investment advisory services is higher than the total compensation (i.e., commissions and other transaction-based payments) we receive for brokerage services. The rate of fees you pay in an investment advisory account also does not decrease even where the level of investment trading activity in your advisory account is low. And further, each of our financial professionals receives - on average - about 50% of the investment advisory fees his or her customers pay to our Firm. Therefore, both our Firm and our financial professionals may have financial incentives to encourage you to choose an advisory account over a brokerage account. Our financial professionals are required to consider the level of anticipated trading activity along with certain other factors, and only recommend an account type to you that

² To reiterate, where we also act as the executing broker for your investment advisory account, our Firm receives commissions and other transaction-based payments in addition to our advisory fees; however, our financial professionals

receive only a portion of the advisory fees (about 50% on average) and no portion of the commissions and other transaction-based brokerage payments.

would be consistent with your best interests.

- **Share Classes.** Some investment products offer different share classes, including mutual funds, 529 College Savings Plans and variable annuities. Typically, over time our Firm and our financial professionals will receive more compensation if you choose a share class that is more costly. Different share classes will pay us higher or lower up-front sales charges and similar payments on one hand, and higher or lower ongoing payments such as 12b-1 fees and trail compensation, on the other. Therefore, some share classes are expected to be less expensive for longer-term investors, and others are expected to be less expensive for shorter-term investors. We are required to consider your expected investment time horizon before recommending a particular share class to you.
- **Revenue Sharing/Discounts.** Pershing, LLC shares with Rothschild some portion of certain revenues that are generated through our clients' accounts (and provides other economic incentives to us):
 - We receive a portion of the margin lending interest our clients pay to Pershing. On a monthly basis, a reasonable estimate of this margin interest revenue that Rothschild will receive would be less than 0.10% of all margin loan balances across all our client accounts.
 - We qualify to receive a discount (of \$.50 to \$1 per trade) on the clearing charges we pay to Pershing if we direct a certain volume of total trading activity to Pershing for a given month.
 - We may receive cash compensation in Pershing's discretion relating to its cash sweep program. The revenue our Firm receives depends on a number of factors, including market interest rates and the total amount of our client assets that are held in the particular money market mutual fund you select for cash sweep purposes. On a monthly basis, a reasonable estimate of this cash sweep revenue that Rothschild will receive would be less than 0.05% of all swept cash balances across all our client accounts.
 - We receive a portion of the mutual fund service fees that Pershing collects under its FundVest® program, which varies depending on the amount of our client assets that are in the FundVest® program. On a monthly basis, a reasonable estimate of this FundVest® revenue that Rothschild will receive would be less than 0.10% of all balances that are in the FundVest® program across all our client accounts.

As a Firm, we have an incentive to offer and encourage the use of Pershing's services from which we receive revenue sharing. We do not share these payments with our financial professionals (however, please see *Firm Performance* below).

- **Commission and Fee Grid – Financial Professionals.** Under our commission and fee grid, the share of commissions and certain other revenues that our Firm pays to a particular financial professional depends on the amount of these revenues he or she generates – sometimes referred to as the financial professional's "production." The higher a financial professional's production is, the higher the percentage paid to the financial professional. More specifically, our financial professionals receive 35% of these revenues below a certain dollar level of production, 40% on additional revenues up to a second dollar level, and 45% for additional production above that. This creates another financial incentive for our financial professionals to increase commission and other revenues to our Firm (that is, to increase their production), since doing so entitles them to a larger share of a larger dollar figure. However, some revenues are shared with our financial professionals according to a level percentage that does not depend on their individual production. Of particular note, sales charges and other revenues

from mutual funds, and commissions for option trades, are paid to our financial professionals at a 50% rate (net of any clearing costs). This provides a financial incentive for our financial professionals to recommend investments for which they will receive a higher percentage share of the revenues.

- **Firm Performance.** Many of our financial professionals own equity interests in our Firm. Our financial professionals are also typically eligible to receive discretionary bonuses based on the overall financial performance of the Firm. These interests provide additional incentives for our financial professionals to increase revenues to our Firm – i.e., by recommending higher levels of trading and investment. These interests may also encourage our financial professionals to recommend margin borrowing, particular cash sweep funds, and other Pershing services that generate revenue sharing for our Firm, even though we do not share those revenues directly with our financial professionals through our commission and fee grid (see *Revenue Sharing/ Discounts* above).
- **Commission Discounts.** Our financial professionals may be able to offer you a discount on brokerage commissions for particular trades. Also, some mutual fund families offer sales charge discounts at certain "break points" based on the total dollar amount of your investments, or if you sign a letter of intent (LOI) to invest a certain amount in their funds. These discounts reduce the commissions and sales charges we receive as a Firm, and thus, the compensation our financial professionals receive. Therefore, our Firm and our financial professionals have an incentive not to offer discounts. We are prohibited under industry regulations from recommending mutual fund investments in amounts designed to prevent you from receiving sales charge discounts from fund families.
- **Marketing Support.** Mutual fund families, insurance companies and other investment product sponsors and wholesalers may, on occasion, pay or reimburse Rothschild certain amounts in support of our marketing and product training efforts for our financial professionals. These payments are not tied to specific product sales or clients. They may create a conflict of interest to the extent they could cause Rothschild and our financial professionals to focus our recommendations to clients on these providers' products, over other competing products that are available in the marketplace.
- **Non-Cash Compensation – Financial Professionals.** Mutual fund families, insurance companies and other investment product sponsors and wholesalers may also, on occasion, provide our financial professionals with a small gift worth less than \$100, a complimentary meal, a ticket to a sporting or networking event, or similar item. These items are not tied to specific product sales or clients, and must be reported to our Firm in accordance with industry regulations. They may create a conflict of interest to the extent they could cause our financial professionals to focus their recommendations to clients on these providers' products, over other competing products that are available in the marketplace.
- **Outside Business Activities – Financial Professionals.** Our individual financial professionals may engage in outside business activities for compensation in some cases. As a result, our financial professionals may have a financial incentive to spend time on those outside activities, rather than on providing services to our brokerage customers. You can research outside business activities your financial professional may have, for which he or she receives compensation, at brokercheck.finra.org.

This information is current as of June 30, 2020. We will inform you of any changes to the extent required by SEC regulations. Please contact your financial professional with any questions.