



Regulation Best Interest Disclosure

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We provide this required disclosure (the Regulation Best Interest Disclosure) to our retail customers to inform them about the services we offer and our relationship with them as a broker-dealer. Among other things, this Regulation Best Interest Disclosure addresses the scope and terms of our relationship with you, the capacity in which we are acting, the type and scope of our services, any material limitations on our services, the fees and costs associated with your holdings, accounts, and transactions, and the conflicts of interest that exist for us and our financial professionals.

1. Scope and Terms of Our Relationship with You

Copper Financial (“CuFi” or “the Firm”) is registered with the Securities and Exchange Commission (SEC) as both a broker-dealer and an investment adviser, and is also a member of both the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC) Our brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available for you to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

Depending on your needs and your investment objectives, the Firm may assist you with brokerage services, investment advisory services, or both. Some of our financial professionals are registered with CuFi to solely provide you with brokerage services and can provide you with investment advisory services through an unaffiliated registered investment advisor. There are important differences between brokerage and advisory services, including their costs, the services we provide, and the rules that govern them. You should carefully consider these differences when deciding which type, or combination of types, of services and accounts are right for you. Information regarding the differences between our brokerage and advisory services is also available in our Form CRS Customer Relationship Summary disclosures, which are available at cu.financial/disclosures.

1.1. Our Capacity

All recommendations made by your financial professional regarding your broker-dealer account (your brokerage account) will be made in a broker-dealer capacity. All recommendations regarding the account established for advisory programs will be made in an advisory capacity, either through CuFi or an unaffiliated investment advisor.

Broker-Dealer Capacity

In our capacity as a broker-dealer, we can recommend and effect securities transactions for you, including buying and selling securities (including investment funds and products) that can be held in your brokerage account.

We provide a number of services related to investments in securities, including taking customer orders, executing securities transactions, and providing general information regarding your investments. Our financial professionals also provide recommendations concerning whether to buy, sell, or hold securities.

Our financial professionals do not make investment decisions for you or manage your brokerage account on a discretionary basis. Because our financial professionals do not have discretionary investment authority, this means that we cannot buy or sell investments in your brokerage account without first obtaining your consent. Our financial professionals may recommend investments to you, but you are responsible for making the decision whether to purchase or sell investments, and we will only purchase or sell investments when specifically directed by you.

Our financial professionals also do not monitor your account after a securities transaction is effected for you, including those investments they recommend for you.

When we act in our capacity as a broker-dealer, we are subject to the Securities Act of 1933, the Securities Exchange Act of 1934, as amended, the rules of self-regulatory organizations, such as the Financial Industry Regulatory Authority, Inc. (FINRA), and applicable state laws.

Investment Adviser Capacity

As an investment adviser, we provide investment advice to you for a fee, including investment advice with respect to particular investment advisory programs. We also place orders for you as an investment adviser through a brokerage account with us held at Apex or through a brokerage account at another broker-dealer. When we act in our capacity as an investment adviser, we will generally do so pursuant to a written agreement with you that sets forth the investment advisory relationship and our obligations to you. We also offer financial planning services in our capacity as an investment adviser. When we act as an investment adviser to you, we are generally considered to have a fiduciary relationship with you under the Investment Advisers Act of 1940, which requires that we owe you a duty of care and a duty of loyalty.

At the outset of our investment advisory relationship with you, you will also receive our Form ADV Part 2A brochure and Form CRS that describe our investment advisory services and include important information about, among other things, our fees, personnel, other business activities, and conflicts between our interests and your interests. This disclosure document is available at cu.financial/disclosures.

1.2. Type and Scope of Services

Brokerage Services

Our financial professionals can recommend and we can effect securities transactions for you, including the buying and selling of securities (including investment funds and products) that can be held in brokerage accounts, which may include accounts held with our clearing firm, direct accounts, education accounts, IRA accounts, or margin accounts.

We also offer the option to hold cash in a cash sweep vehicle. In addition, the type and scope of the brokerage services we offer include a number of services related to investments in securities, including taking customer orders, executing securities transactions, and providing general information regarding your investments.

Our brokerage services include recommendations concerning whether to buy, sell, or hold securities. Our services also include recommendations of investment strategies involving securities, which includes recommendations of account types, and transfers of assets from other financial institutions. In addition, our brokerage services include certain margin account services, where you are extended credit (a loan) for the purpose of buying securities.

We do not provide recommendations on rolling over employer-sponsored plan assets into an IRA account. CuFi financial professionals are only permitted to provide education on the options you have with regard to handling your employer-sponsored retirement plan at the time you terminate your employment.

Account Types

In order to receive any of our brokerage services described above, you must first open an account with us. We offer many different options or account types for your brokerage account, including accounts held with Apex Clearing Corporation (“Apex”), our clearing firm; accounts held directly with the issuer of the securities purchased (sometimes referred to as direct accounts); education accounts (e.g., college savings plans); retirement accounts (e.g., IRA accounts), and certain specialty accounts (e.g., margin accounts). If you choose to open a retirement account through CuFi the custodian of the IRA will either be Apex or the direct account issuer. CuFi does not act as the custodian for IRAs.

In addition, for accounts held at Apex we offer the option to hold cash either as a free credit balance (i.e. uninvested) in an account or in a bank account insured by the Federal Deposit Insurance Corporation (“FDIC”). The FDIC-insured account is referred to as a “cash sweep vehicle”. FDIC insurance on the cash sweep vehicle is limited based on a standard maximum amount in accordance with the FDIC’s rules, which can be found at www.fdic.gov. We do not have any minimum account requirements for our brokerage accounts, but some of the investments you can purchase through us have minimum investment requirements. More information about these minimum investment requirements is available in the investment’s offering document or prospectus.

Before deciding whether to open an account with us, you will want to discuss our account options with your financial professional to decide which account type best fits your financial goals. Certain types of investments are only available in

one account type. For example, you cannot invest in a college savings plan (“529 account”) through Apex; that account must be held directly with the product issuer.

Our Investment Philosophy

The Firm’s target market is retail customers who are primarily seeking to invest to meet retirement, education, and other similar funding goals, or to invest for legacy purposes. Our target retail customers are almost exclusively members of credit unions that have entered a networking agreement (“program credit unions”) with us to offer brokerage services to their members. Our brokerage offerings include traded investments, investment funds and products, and investment strategies believed to be in the best interest of the Firm’s customer base.

We require our financial professionals to have a reasonable basis, taking into account the potential risks, rewards, and costs associated with a recommendation, to believe that each recommendation made to a retail customer is in the retail customer’s best interest, and does not place their interest or the interest of the broker-dealer ahead of the interest of the retail customer at the time the recommendation is made.

In determining whether our financial professional’s recommendation is in the retail customer’s best interest, we consider the retail customer’s individual investment profile. The information in the retail customer’s investment profile includes, but is not limited to, the retail customer’s age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and other information that the retail customer may disclose to us or the financial professional in connection with a recommendation.

1.2.1. Material Limitations

Given the wide range of our brokerage services, we do not have many material limitations on the type and scope of our brokerage services or the securities or investment strategies involving securities that we or our financial professionals may recommend. For instance, we do not limit our investment offerings to specific asset classes, or investments with third-party arrangements such as revenue sharing payments or mutual fund shareholder servicing fees. In addition, we do not limit our investment offerings to a select group of issuers, nor do we offer any investments issued, sponsored, or managed by us or our affiliates. Finally, we do not have any minimum account requirements, although some of the investments you can purchase through us have minimum investment requirements.

Notwithstanding the wide range of our brokerage services, there are certain material limitations on our services and the services of our financial professionals, and these limitations are set forth below.

- *Financial Professional Limitations:* Not all of our financial professionals can offer the full range of investments and services we offer. For instance, some of our financial professionals are licensed to offer both our brokerage and advisory services, whereas some of our other financial professionals are licensed to offer only our brokerage services and are able to offer advisory services to you through an unaffiliated registered investment advisor. In addition, some of our financial professionals are licensed to offer only certain types of investments, such as mutual funds, and are unable to offer the full range of investments we make available.
 - This is a material limitation on the securities or investment strategies that your financial professional may recommend to you, and you should discuss any such limitations with your financial professional. In addition, you may research your financial professional’s experience and licenses on FINRA’s BrokerCheck website at brokercheck.finra.org.
- *Investment Limitations:* While we offer a wide range of investments, including investment funds and products, there are certain types of investments we do not offer. For instance, we do not offer all mutual funds from every single mutual fund company issuer, or every type of Exchange Traded Fund (ETF). We also do not offer every type of insurance product or college savings plan. This means that our financial professionals are limited to recommending only those investments that we are authorized to offer. This is a material limitation on the securities or investment strategies that our financial professionals may recommend to you. In addition, while you may hold almost any security in your account at our clearing firm, there are certain types of securities for which we do not provide recommendations. These include but are not limited to leveraged and / or inverse ETFs, low-

priced securities (i.e., penny stocks) and private placements. In addition, there are certain types of products that can be purchased in a direct account, including but not limited to interval funds, that we do not permit our financial professionals to recommend.

- *Account Monitoring:* Our financial professionals do not monitor your brokerage account after effecting a securities transaction for you, including those investments our financial professionals recommend. While our financial professionals remain available to assist you, our financial professionals do not automatically monitor your brokerage account or your investment performance after effecting a securities transaction for you. This is a material limitation on our services and the services of our financial professionals.
- *Discretionary Investment Authority:* Our financial professionals do not make investment decisions for you or manage your account on a discretionary basis. Because our financial professionals do not have discretionary investment authority, this means that we cannot buy or sell investments in your account without first obtaining your consent. Our financial professionals may recommend investments to you, but you are responsible for making the decision whether to purchase or sell investments, and we will only do so when specifically directed by you. This is a material limitation on our services and the services of our financial professionals.
- *Discounted Commissions:* We are a full-service brokerage firm, and are not a “discount” brokerage firm that provides a standard deeply discounted commission rate. Given the wide range of brokerage services we and our financial professionals offer you as a full-service brokerage firm we use a commission schedule to determine the amount of commissions charged based on the specific transaction details. Discounted commissions on specific transactions may be available at the discretion of CuFi and our financial professionals. This is a material limitation on our services.
- *Primary Offerings:* We do not participate in primary offerings of any financial products excluding continuously offered mutual funds, offerings of Unit Investment Trusts, and non-listed Real Estate Investment Trusts. This is a material limitation in that you would not be able to purchase through us shares of Initial Public Offerings (IPOs), new shares of Closed End Funds, or primary offerings of bonds. You can purchase these securities though once they are available for trading in the secondary market.

1.3. Fees and Costs

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

1.3.1. Fees and Costs Associated with Account

You must first open an account with us to use our brokerage services. We offer an array of account types with different features and benefits that are intended to address different needs and objectives of our retail customers.

Depending on the type of account you open, you will pay certain fees and costs associated with your account and holdings. Please see Section 1.2 for the types of accounts we offer. Unlike the transaction-based fees described below, the fees associated with your account and holdings are typically paid annually, although some account-based fees are associated with specific transactions. The fees associated with your account vary by whether it is held directly with an issuer or with our clearing firm as discussed below.

Accounts held directly with an issuer, such as a direct mutual fund, 529 plan, or variable annuity, are subject to separate fees established by the product issuer. Please refer to the prospectus or contact the issuer to obtain specific information on fees charged on direct accounts.

The fees discussed below are a non-exhaustive list of fees you may incur if your account is held through our clearing firm, Apex. A complete list of fees associated with your account is also available on our website at cu.financial/disclosures.

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

- ❖ *Retirement Account Maintenance Fees* – We generally charge you an annual “retirement account maintenance fee” for maintaining your retirement brokerage account with Apex. This account maintenance fee compensates us and Apex for certain maintenance services that we provide to your retirement brokerage account and reimburses us for certain operational expenses that we incur in maintaining your account with us. This fee varies depending on the type of retirement account (Traditional, Roth, SEP, SIMPLE, etc.) and is paid annually.
- ❖ *Account Transfer Fees* – We generally charge you a one-time “account transfer fee” to reimburse us for the costs associated with transferring your account to another broker-dealer. The account transfer fee includes fees associated with the Automated Customer Account Transfer System, commonly referred to as the ACAT fee. This fee is paid when you initiate the transfer of your account to another broker-dealer.
- ❖ *Retirement Account Termination Fees* – We generally charge you a one-time “retirement account termination fee” to reimburse us for the costs associated with terminating your account with us. This fee is paid when you terminate your retirement account relationship with us.
- ❖ *Paper Document Fees* – We generally charge a fee for sending certain account documents in paper form via postal mail. This includes fees for sending account statements (“paper statement”) and transaction confirmations (“paper confirmation”). These fees can be avoided only if you consent to electronic delivery.
- ❖ *Margin Fees* – We generally charge you for our margin services, where our clearing firm extends credit (a loan) to you for the purpose of buying securities. Margin fees, which are typically the interest associated with the margin loan, compensate our clearing firm and us for the cost and risk of lending money to you. Margin interest rates vary depending on your margin balance and are subject to change. For the current margin interest rates, please see the CuFi Margin Interest Rates document found at creditunionbd.com/disclosures.
- ❖ *Wire Transfer Fee* – We generally charge you a one-time “wire transfer fee” to wire cash from your account to another account held outside our firm. The wire transfer fee is higher for international wires.

1.3.2. Fees and Costs Associated with Transactions and Holdings

We are paid each time you trade in your brokerage account or make a new investment. This payment is typically called a “commission,” but it may also be called a “sales charge” or a “markup.” This kind of payment presents a conflict for us because it creates an incentive to encourage you to trade more and make additional investments. The commission rate or amount varies depending on the investment and the size or amount of the transaction. More information about commission payments, including the commission schedules we use, is available under the Fees and Costs section under the product listings on the following pages.

In addition, investments that are interests in investment funds, such as mutual funds and UITs, or products, such as college savings plans and variable insurance products, bear ongoing fees and expenses that are embedded into the cost of the investment holding. You pay these ongoing fees and expenses indirectly because they are factored into the current value of the investment. More information about ongoing fees and expenses associated with investment funds and variable insurance products is available in the fund or product prospectus available from your financial professional or on the website of the product issuer.

Because the fees and costs vary among investments, set forth below and on the following pages is particularized fee and cost information regarding the types of transactions and investment holdings generally purchased or traded by our retail customers.

Where applicable, we have included certain hypothetical transactions as examples and sample fee tables for illustrative purposes. Please note that fees and costs associated with your specific transaction may differ from these hypothetical examples or samples.

Equities

Characteristics

The Firm offers a wide range of equity securities, which give stockholders a share of ownership in a company. Stocks usually are one part of an investor's holdings. Before deciding to buy or sell an equity security, such as a publicly traded company, it is important for you to evaluate the risks associated with the company. As part of this evaluation, you will want to carefully review the company's relevant disclosure documents, such as its initial registration statement or its most recent audited financial. Stocks in public companies are registered with the SEC and in most cases, these companies are required to file reports with the SEC quarterly and annually. You may access these disclosure documents on the SEC's website at sec.gov/edgar.

Fees and Costs

Buying and selling stocks entails fees. You will typically pay a commission every time you buy or sell an equity security. You will pay this commission in addition to the price you pay for the equity security you choose to buy or sell. This commission is a one-time fee, which varies based on the number of shares traded and the gross dollar amount of the transaction. Our firm is not a "discount" broker-dealer; discount broker-dealers generally offer lower commission rates. Commissions on equity transactions may be discounted from our published commission schedule at the discretion of CuFi and our financial professionals.

The range of commissions on equity transactions is generally between 1 and 3.5% but never more than 5%.

For example, if you purchase 1000 shares of a publicly-traded company (i.e. an equity) at \$10 per share, and the commission rate is 2.5% you would pay a \$250 commission.

More Information

You may obtain information about equity securities generally by visiting the SEC's website at sec.gov/edgar.

Bonds

Characteristics

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

For most bonds, a bond's coupon rate is the rate of interest it pays annually and is expressed as a percentage of its face value. Usually, the coupon rate is calculated by dividing the sum of coupon payments by the face value of a bond.

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

Unlike equities, where prices are usually evaluated based on their daily closing prices, many bonds do not have a uniform closing price because they are traded in over-the-counter (OTC) markets or another negotiated market. Bond prices are affected by many different factors, including but not limited to, supply and demand for the bond, the issuer's credit rating, bond size, interest rates, and age-to-maturity. With regard to the age-to-maturity pricing factor, bonds are paid in full (at

face value) when they mature, though there are options to call, or redeem, some bonds before they mature (and some bonds permit the issuer to call the bond prior to maturity). Since a bondholder is closer to receiving the full face value as the maturity date approaches, the bond's price moves toward par as the bond ages. Many bonds are priced by discounting the expected cash flow to the present using a discount rate.

Fees and Costs

You will typically pay a “markup” as a transaction cost to us and the clearing firm when you buy a bond, as most bonds are traded on a principal (dealer) basis in the OTC market (although some bonds may be bought on an agency (commission) basis. With most bonds, instead of charging you a commission to perform the transaction for you, the broker-dealer marks up the price of the bond to above its face value. When you buy bonds through a broker-dealer on the secondary market, the bonds will have price markups. The markup thus represents the difference between the price a broker-dealer pays for a bond and the price at which it is sold to you by the broker-dealer.

If you sell a bond before it matures, you may receive more or less than the par value of the bond. Either way, the clearing firm will mark down the price of your bond, paying you slightly less than its current value (and will then mark up the price slightly upon resale to another investor). This is how broker-dealers are compensated for maintaining an active secondary market.

The amount of a markup/markdown charged on a bond transaction will depend on a number of factors and particular circumstances for each transaction, including the type of bond (corporate, government, or municipal), transaction size, credit quality, unit price, maturity, liquidity, and market scarcity. We generally charge a markup/down of 1 – 2% for each transaction; but never more than 3%.

For example, if you purchase 10 corporate bonds priced at \$1,000.00 per bond (100% of par), and the markup is \$10.00 per bond, or 1% of the principal, you would pay \$10,000.00 for the market price of the bond and then an additional \$100 markup, which means you would pay \$10,100.00 (101% of par) in total to purchase the corporate bonds.

More Information

More information describing a specific bond’s features and risks is available in the bond’s offering document. More information about bonds, including pricing and issuer credit ratings, is also available on FINRA’s website at <http://finra-markets.morningstar.com/MarketData/Default.jsp>. In addition, more information about municipal bonds is available on the Municipal Securities Rulemaking Board’s (MSRB) website at <https://emma.msrb.org/>.

Brokered CDs

Characteristics

The Firm offers Brokered Certificates of Deposit (“Brokered CDs”) issued by various banks.

Brokered CDs are issued by a financial institution but purchased through a broker and held in a brokerage account. As with bank CDs, brokered CDs have various maturity lengths, though while most banks do not offer CDs that have a maturity of more than five years, Brokered CDs can have longer-dated maturities, such as 20 to 30 years. In addition, brokered CDs can be sold prior to maturity in the secondary market. However, there is no guarantee that you will receive the CD’s principal if sold prior to maturity.

The issuing bank may offer principal protection at maturity for the Brokered CD. This protection is provided by the bank and not by CuFi.

Brokered CDs may or may not provide you with FDIC insurance. Any FDIC insurance is limited to the amounts set by the FDIC and relates to the protection of the principal of the CD at maturity. FDIC insurance does not guarantee against loss due to changes in value in the secondary market.

Brokered CDs may have a call feature which allows the issuing bank to call the CD prior to maturity.

Fees and Costs – Sales Charges and Ongoing Fees and Expenses

You will typically pay a ticket charge when you buy a Brokered CD in a primary offering, or a markup/markdown when you buy or sell Brokered CDs in the secondary market. The markup/markdown on a Brokered CD in the secondary market will generally be 1% but never more than 2%. Brokered CDs are held in brokerage accounts, and you may pay certain fees to maintain your brokerage account with CuFi.

More Information

More information on Brokered CDs is available in the offering documents from the issuer. You can request a copy of the offering document from your financial professional.

Market-Linked CDs

Characteristics

The Firm offers Market-Linked Certificates of Deposit (“MLCDs”) issued by various banks.

MLCDs are designed to provide investors with the ability to participate in the performance of an underlying asset, typically a stock index or a set combination of stock indices, while retaining certain characteristics of a traditional CD. When purchased at par and held to maturity, a MLCD generally provides 100% principal protection. Any potential returns are generally limited to a percentage of the underlying asset performance and may be capped.

MLCD principal protection is offered by the bank issuing the MLCD, and not CuFi. MLCDs usually have terms that last multiple years. While you can sell your MLCD through CuFi or another broker prior to maturity, you are not guaranteed to receive full principal if you do. Therefore, MLCDs may lose value.

MLCDs are subject to investment risk and are not suitable for purchase by all people. You should not purchase a MLCD unless you understand and are able to bear the associated market, liquidity, and yield risks. MLCDs could result in loss of principal if sold or redeemed prior to maturity. If sold or redeemed prior to maturity, you may receive more or less than the original investment. To ensure receiving 100% principal protection, you must hold the investment to maturity. There may be only a limited trading market, if any, in MLCDs. If you are investing in an MLCD and must make Required Minimum Distribution, you should keep sufficient liquid holdings to meet these requirements. Some MLCDs provide a survivor's option upon death of the owner and will return the original principal but no earnings to the estate or beneficiary of the owner. The MLCD typically must be held at least six months prior to the exercising this option. MLCDs are buy and hold investments with interim brokerage statement values approximating the then current redemption value from the issuing bank, which may be affected by several variables. You should fully understand how the market-linked return is calculated including participation rates, caps and formulas, as applicable. Additionally, investors should be aware of the minimum return, if any, and that they have no interest in any of the securities or indexes referenced in the MLCD. MLCDs are FDIC-insured certificates of deposit. MLCD returns are subject to ordinary income tax in non-retirement accounts. For MLCDs designed to pay all or most interest at maturity, clients will receive an annual 1099-OID even though any potential income may not be paid until maturity.

Fees and Costs – Sales Charges and Ongoing Fees and Expenses

You will typically pay a sales charge when you purchase an MLCD in a primary offering, or a markup/markdown when you buy or sell and MLCD in the secondary market. The markup/markdown on a MLCD in the secondary market will generally be 1% but never more than 2%. MLCDs are held in brokerage accounts, and you may pay certain fees to maintain your brokerage account with CuFi.

More Information

More information on MLCDs, including the sales charge and features available, is available in the offering documents from the issuer. You can request a copy of the offering document from your financial professional.

Mutual Funds

Characteristics

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

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

Fees and Costs – Generally

You will typically pay a sales charge or load when you buy shares in a mutual fund. We receive a portion of this sales charge for our efforts and the efforts of our financial professionals in selling shares of the mutual fund.

Most mutual funds utilize multiple share classes, with differing fees and expenses for distribution and shareholder services. Though there are many different types of share classes, the most common share classes available to you are Class A and Class C. Each class typically has different fees and costs, and therefore fund performance results will differ as those fees and expenses reduce performance across share classes. You should also note that the amount of time you expect to hold your investment in a mutual fund may play an important role in determining which share class is most appropriate for you, and you should discuss this consideration with your financial professional.

Fees and Costs – Share Class Distinctions

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

- Class A – This share class usually carries a front-end sales charge, which is typically assessed as a percentage of your investment. This means that a sales charge is deducted from your investment each time you purchase shares in the mutual fund. Class A shares also typically have ongoing fees and expenses, which sometimes include fees commonly referred to as 12b-1 fees, and these 12b-1 fees are intended to finance distribution activities intended primarily to result in the sale of additional shares of the mutual fund. Despite these ongoing fees and expenses, Class A shares typically have lower operating expenses compared to the other share classes of the same mutual fund that may be available to you. This means that ongoing costs will typically be lower than ongoing costs associated with other share classes of the same mutual fund that may be available to you. Many mutual funds offer “breakpoint” discounts for large investments in Class A shares, which means that the front-end sales charge decreases as the investment increases. These breakpoints are described in the mutual fund's prospectus.

For example, if you purchase \$10,000.00 of Class A shares of a mutual fund that assesses a 5.75% front-end sales charge on your investment, you will pay a \$575.00 front-end sales charge and the remaining \$9,425.00 of your investment will be used to purchase Class A shares of the mutual fund.

- Class C – This share class is characterized by a level asset-based sales charge that you pay annually as a percentage of your assets. It does not have a front-end sales charge like Class A shares, but generally has a higher operating expense than Class A shares, which you will pay indirectly as part of the net asset value of the fund. Class C Shares

typically have a contingent deferred sales charge (also known as a CDSC). This CDSC means that you pay a sales charge when you sell your mutual fund shares. The amount of the CDSC is typically assessed as a percentage of your investment, and it declines over time and eventually is eliminated the longer you hold your shares. Most Class C shares generally eliminate the CDSC after one year.

For example, if you purchase \$10,000.00 of Class C shares of a mutual fund with a 1.00% asset-based sales charge, you will not pay a front-end sales charge, so the entire \$10,000.00 investment will be used to purchase Class C shares of the mutual fund at the time of purchase. However, each year, your investment will be charged a 1.00% asset-based charge, so your initial \$10,000 investment will be reduced to \$100.00 after the first year as a result of the asset-based sales charge, assuming no appreciation of the shares in that one-year period. If you redeem the shares within the CDSC period you will be assessed the CDSC, usually 1% of the principal amount of your investment.

Fees and Costs – Breakpoints

While it may make sense to own mutual funds from different mutual fund companies, it also may increase the total sales charges that you pay to purchase those mutual funds. Mutual fund companies often offer discounts or reduced front-end sales charges based on the total amount you choose to invest with the mutual fund company. The investment levels needed to receive these discounts are known as “breakpoints.” Mutual fund companies typically allow you to combine holdings with those of immediate family members to reach these breakpoints.

Set forth below are some common ways you can receive the benefits of breakpoints.

- *Rights of Accumulation:* “Rights of accumulation” allow you to combine your mutual fund purchase with your existing investment in the mutual fund company to reach a breakpoint.
- *Letter of Intent:* You can take advantage of breakpoints by agreeing to purchase a certain dollar amount in a mutual fund over a specified period of time. In most instances, this requires signing a “Letter of Intent” (LOI).

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

Fees and Costs – Ongoing Fees and Expenses

In addition to the 12b-1 fees mentioned above, mutual funds typically also deduct other ongoing fees and expenses, such as management fees or servicing fees, from fund assets. These ongoing fees and expenses are typically used to pay for the mutual fund’s continued annual operating expenses (these ongoing fees are sometimes referred to as the mutual fund’s “expense ratio”), such as paying the mutual fund’s investment manager, accounting and auditing expenses, legal expenses, and recordkeeping expenses. In addition, as noted above, the ongoing fees and expenses include fees commonly referred to as 12b-1 fees, and these 12b-1 fees are intended to finance distribution activities intended primarily to result in the sale of additional shares of the mutual fund, and include marketing and advertising expenses. CuFi and our financial professionals receive a portion of the 12b-1 fees deducted from your account.

These ongoing fees and expenses are typically charged daily as a percentage of your assets. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis. These payments, as well as the conflicts of interest associated with them, are described more fully below in this Regulation BI Disclosure.

Fees and Costs – Marketing Expenses and Allowances

Some mutual fund issuers also pay us a marketing allowance for our marketing activities on their behalf. The marketing allowances, also known as “revenue sharing” payments, are usually calculated as a percentage of new sales or a percentage of the value in the mutual funds held by our retail customers, or both. The percentage paid varies among mutual fund companies, but is generally 0.02% of the value of the mutual funds held by our retail customers. Some companies additionally or alternatively make contributions to cover the costs of the business meetings and events that we

hold for our financial professionals. Not all of the mutual fund companies whose products we offer make these payments to us.

Marketing representatives of mutual fund companies or their affiliated distributors, often referred to as “wholesalers,” work with our financial professionals to promote their products. These mutual fund companies and their wholesalers may pay for or provide training and education programs for our financial professionals. Mutual fund companies and their wholesalers may provide small gifts or business entertainment to our financial professionals, may cover expenses with our financial professionals attending business meetings they sponsor, and may provide financial assistance to financial professionals for their marketing events and activities.

You do not pay these marketing expenses directly. However, the marketing expenses are built into the pricing of the mutual fund, so you indirectly pay for the cost of the marketing expenses, such as training and education programs for our financial professionals sponsored by the mutual fund company and their wholesalers.

More Information

More information on a mutual fund’s sales charges, ongoing fees and expenses, and overall expense ratio is available in the mutual fund’s prospectus. You can request a copy of a mutual fund’s prospectus from your financial professional. Please refer to the additional disclosure on our website at cu.financial/disclosures regarding the specific issuers with whom we have arrangements for revenue sharing payments and flat payments for conferences.

Closed-End Funds

Characteristics

The Firm offers closed-end funds` from many different fund companies. An important aspect of closed-end fund investing is to read the fund’s prospectus carefully before investing. Each closed-end fund prospectus contains important information that will help you make an informed decision about an investment in a closed-end fund. In deciding whether to invest in a closed-end fund, you should consider several different factors, including the fund’s investment objective, investment strategies and risks, the investment adviser responsible for the management of the fund’s assets, and the fees and expenses associated with an investment in a particular closed-end fund.

Similar to mutual funds, closed-end funds are pooled investment vehicles. However, there are some important differences between these types of funds.

Unlike mutual funds, most traditional closed-end funds do not continuously offer their shares for sale. Instead, such funds typically sell a fixed number of shares through an initial public offering, after which their shares typically trade on a secondary trading market. The price of shares in a closed-end fund that trades on a secondary market after their initial public offering is determined by the market and may be higher or lower than the shares’ NAV. In addition, there are certain non-traded closed-end funds that do sell their shares on an ongoing basis, and do not trade on a secondary trading market.

Many closed-end funds have no “maturity” or termination date, and shareholders may exit their investments only by selling shares on the secondary trading market. Nonetheless, these closed-end funds without termination dates may still be terminated based on the investment manager’s decision. Certain other closed-end funds, however, have a specified or targeted termination date, at which time the shareholders receive an amount equivalent to the shares’ NAV at the termination date. Non-traded closed-end funds typically contemplate having a “liquidity” event at some point once the fund’s offering has ceased. Liquidity events include listing the fund’s shares on a secondary trading market and liquidation.

Unlike mutual funds, closed-end fund shares are not redeemable, which means that the fund is not required to buy shares back from investors upon request. Non-traded closed-end funds typically offer to repurchase their shares from investors in periodic tender offers. In addition, some closed-end funds, commonly referred to as “interval funds,” offer to repurchase their shares from investors at specified intervals. CuFi does not recommend transactions in interval funds but may be the broker-dealer of record on interval funds previously purchased through CuFi or another broker-dealer See the prospectus for information on fees and charges associated with interval funds.

Fees and Costs – Sales Charges and Ongoing Fees and Expenses

You will typically pay a sales charge when you buy shares in a closed-end fund's public offering, or a commission if you buy and sell shares in a closed-end fund in a secondary trading market. You will pay this sales charge or commission in addition to the amount of the fund you choose to buy or sell. For a public offering purchase, the fund's sales charge is a one-time fixed fee, which is typically a percentage of the investment amount. CuFi does not typically participate in a public offering of closed-end funds. If and when CuFi does participate you will be provided information regarding the fees and costs associated with purchasing a closed-end fund in a primary offering. For a closed-end fund transaction in the secondary trading market, the commission is also a one-time fixed fee, which varies based on the number of shares traded and the gross dollar amount of the transaction. The commission on a closed-end fund transaction in the secondary market will generally be between 1% and 3.5% but never more than 5%.

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

These ongoing fees and expenses are typically charged daily as a percentage of your assets. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis.

More Information

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

Exchange-Traded Funds

Characteristics

The Firm offers a wide range of exchange-traded funds (ETFs). ETFs are investment funds that are listed for trading on a national securities exchange and can be bought and sold in the equity trading markets. Shares in the ETF represent an interest in a portfolio of securities.

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

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

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

Fees and Costs

You will typically pay a commission every time you buy or sell shares in an ETF. You will pay this commission in addition to the amount of the ETF you choose to buy or sell. This commission is a one-time fixed fee, which varies based on the number of shares traded and the gross dollar amount of the transaction. The commission on an ETF transaction will generally be between 1% and 3.5% but never more than 5%.

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

These ongoing fees and expenses are typically charged annually as a percentage of your assets. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis.

More Information

More information about ETFs, including their ongoing fees and expenses and overall expense ratio, is available in the ETF's prospectus. You can request a copy of a prospectus from your financial professional or from the website of the product issuer.

Unit Investment Trusts

Characteristics

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

At the UIT's maturity, an investor typically has three options. One is to receive the proceeds based on the value of the investment. An investor could also roll over into a newly issued UIT. Another option that may be available to investors in limited circumstances is to receive proportionate shares of the securities held in the portfolio.

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

Fees and Costs – Commissions and Ongoing Fees

You will typically pay a sales charge when you buy units in a UIT's initial offering, or a commission when you buy or sell units in a UIT in a secondary trading market. You will pay this sales charge or commission in addition to the amount of the UIT you choose to buy or sell. The commission varies based on the number of shares traded and the gross dollar amount of the transaction. The commission on a UIT transaction in the secondary market will generally be between 1% and 3.5% but never more than 5%.

For example, if you invest \$10,000.00 in a UIT's initial offering that assesses a 2.75% sales charge, then a \$275.00 sales charge will be deducted and the remaining \$9,725.00 of your investment will be used to purchase units in the UIT's initial offering. If you purchase units in a UIT on the secondary market, you will pay a commission that is determined based on the Firm's commission schedule.

In some instances, collection of all or part of a sales charge is deferred over a period subsequent to the settlement date for the purchase of units. Typically, the deferred sales charge is deducted from the unitholder's distributions on the units during the collection period until the total amount of the sales charge is paid.

Repeatedly selling UITs before their maturity date followed by the purchase of a newly issued UIT will cause you to incur sales charges with greater frequency.

UITs also deduct other fees and expenses from trust assets, such as organizational and operating expenses. These fees and expenses include portfolio supervision, recordkeeping, administrative fees, and trustee fees. UITs also charge creation and development fees, which compensate the sponsors for creating and developing the trusts. However, UITs generally do not deduct a separate management fee because the portfolio is not actively managed.

Fees and Costs – Marketing Expenses and Allowances

Marketing representatives of UIT companies or their affiliated distributors, often referred to as “wholesalers,” work with our financial professionals to promote their products. These companies and their wholesalers may pay for or provide training and education programs for our financial professionals. UIT companies and their wholesalers may provide small gifts or business entertainment to our financial professionals, may cover expenses with our financial professionals attending business meetings they sponsor, and may provide financial assistance to financial professionals for their marketing events and activities.

You do not pay these marketing expenses directly. However, the marketing expenses are built into the pricing of the mutual fund, so you indirectly pay for the cost of the marketing expenses, such as training and education programs for our financial professionals sponsored by the UIT company and their wholesalers.

More Information

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

Real Estate Investment Trusts

Characteristics

The Firm offers real estate investment trusts (REITs), which own and typically operate income-producing real estate assets, such as office buildings, shopping malls, apartments, hotels, resorts, self-storage facilities, warehouses, and real estate mortgages or loans. Unlike other real estate companies, REITs do not develop real estate properties to resell them, but rather buy and develop properties primarily to operate them as part of their own investment portfolio.

As an investment for a retail customer, REITs provide exposure to the investment performance of commercial real estate. REITs are required to pay out most of the taxable income to their shareholders. Some REITs can offer higher dividend yields than some other investments.

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

Fees and Costs – Commissions and Ongoing Fees

You will typically pay a commission when you buy shares in a REIT's public offering, or buy or sell shares in a REIT in a secondary trading market. For an initial offering purchase, the REIT commission is a one-time fixed fee, typically a percentage of the investment amount, and usually ranges between 3% and 7% of the investment amount. However, for certain non-traded REITs, the initial offering commission (which can be described as a commission and dealer manager fee) is significantly higher, and may be up to 15% of the investment amount. The commission is deducted from the amount you invest. For a purchase or sale transaction in the secondary trading market of a traded REIT, the REIT commission is also a one-time fixed fee, which varies based on the number of shares traded and the gross dollar amount of the transaction. The commission is a separate charge from the purchase or sale amount. The commission on traded REIT transactions in the secondary market will generally be between 1% and 3.5% but never more than 5%.

For example, if you purchase \$10,000.00 of shares in a public offering of a REIT that assesses a 7% commission on your investment, then you will pay a \$700.00 commission and the remaining \$9,300.00 of your investment will be used to purchase shares in the REIT's offering. If you purchase \$10,000 of shares in a traded REIT in the secondary trading markets, you will pay a commission that is determined based on the Firm's commission schedule.

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

Fees and Costs – Marketing Expenses and Allowances

Some non-traded REIT sponsors also pay us a marketing allowance for our marketing activities on their behalf. The marketing allowances, also known as "revenue sharing" payments, are usually calculated as a percentage of new sales or a percentage of the value in the REITs held by our retail customers, or both. The percentage paid varies among non-traded REIT companies, but is generally 1.5% of new sales. Some companies additionally or alternatively make contributions to cover the costs of the business meetings and events that we hold for our financial professionals. Not all of the non-traded REIT companies whose products we offer make these payments to us.

Marketing representatives of non-traded REIT companies or their affiliated distributors, often referred to as "wholesalers," work with our financial professionals to promote their products. These companies and their wholesalers may pay for or provide training and education programs for our financial professionals. Non-traded REIT companies and their wholesalers may provide small gifts or business entertainment to our financial professionals, may cover expenses with our financial professionals attending business meetings they sponsor, and may provide financial assistance to financial professionals for their marketing events and activities.

You do not pay these marketing expenses directly. However, the marketing expenses are built into the pricing of the non-traded REIT, so you indirectly pay for the cost of the marketing expenses, such as training and education programs for our financial professionals sponsored by the REIT company and their wholesalers.

More Information

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

College Savings Plans

Characteristics

The Firm offers various college savings plans, which are a type of "529 plan." 529 plans are tax-advantaged and state-sponsored investment programs designed specifically for education savings and named after the section of the Internal Revenue Code that authorized them.

There are two general types of 529 plans: college savings plans and prepaid tuition plans. College savings plans are securities that allow investment earnings to grow tax-deferred, and withdrawals are exempt from federal taxation when used for qualified educational expenses. College savings plans generally operate through state-sponsored trusts and

permit investors to allocate contributions to one or more trust portfolios or “investment options” offered in the plan. Prepaid tuition plans allow investors to “lock in” tuition rates at certain specified educational institutions. Every state offers at least one type of these 529 plans, and some states offer both types of 529 plans. The remainder of this disclosure discusses college savings plans.

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

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

State tax treatment of 529 College Savings Plans may differ from the federal tax treatment based on the state or states in which you pay income taxes. Some states allow contributions to be deducted from income if the funds are being placed in a 529 sponsored by the state, while other states allow contributions to be deducted from income if the funds are placed into any 529 plan, regardless of the state that sponsors the plan. You should consult with your accountant or tax advisor for any questions concerning state or local taxes.

Fees and Costs – Sales Charges and Ongoing Expenses

You often will typically pay a sales charge when you purchase a college savings plan. We receive a portion of this sales charge for the sales and related services we provide to the primary distributor of the college savings plan.

Most college savings plans offer multiple units (often called share classes), similar to the share class structure offered by many mutual funds. Though there are several types of college savings plan share classes, the most common share classes available to you are Class A, Class B, and Class C. Each class typically has different fees and expenses, and therefore investment option performance results will differ as those fees and expenses reduce performance across share classes. You should also note that the amount of time you expect to hold your investment in a college savings plan (e.g. based on the age of the beneficiary) may play an important role in determining which share class is most appropriate for you, and you should discuss this consideration with your financial professional.

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

- Class A – This share class usually carries a front-end sales charge, which is typically assessed as a percentage of each contribution. The net amount of your contribution after the deduction of the sales charge is invested in shares of the college savings plan investment option(s) that you select. Class A shares typically have lower operating expenses compared to the other share classes of the same investment option. This means that ongoing costs will typically be lower than ongoing costs associated with other share classes of the same investment option. Many college savings plans also offer “breakpoint” discounts for large investments in Class A shares of investment options, which means that the front-end sales charge decreases as the investment increases. These breakpoints are described in the college savings plan’s offering document.

For example, if you purchase \$10,000.00 of Class A shares of an investment option for a college savings plan that assesses a 5.75% front-end sales charge on your investment, then you will pay a \$575.00 front-end sales charge and the remaining \$9,425.00 of your contribution will be used to purchase Class A shares of the investment option.

- Class C – This share class is characterized by a level asset-based sales charge that you pay annually as a percentage of your assets in an investment option. It does not have a front-end sales charge like Class A shares, but does have a CDSC like Class B shares. However, unlike Class B shares, the CDSC for Class C shares is generally eliminated after a short period of time (usually one year).

For example, if you purchase \$10,000.00 of Class C shares of an investment option of a college savings plan with a 1.00% asset-based sales charge, you will not pay a front-end sales charge or a CDSC, so the entire \$10,000.00 contribution will be used to purchase Class C shares of the investment option at the time of purchase. However, each year, your contribution will be charged a 1.00% asset-based charge, so your \$10,000.00 contribution will be reduced to \$100.00 after the first year, assuming no appreciation or depreciation of the shares in that one-year period.

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

- Program Management Fee – College savings plans generally deduct a program management fee to pay the program manager for providing investment advisory, accounting, and other services to the plan. This fee is typically charged annually as a percentage of your assets, and is reflected in the NAV of the plan’s investment options.
- Maintenance Fee – Most college savings plans charge an annual maintenance fee. This fee, which compensates the plan sponsor for costs of maintaining the plan, may be waived in certain circumstances, such as when your plan assets exceed certain thresholds.
- Underlying Mutual Fund Expenses – Most college savings plan investment options invest in one or more mutual funds and bear a portion of the fees and expenses of these underlying funds. The underlying mutual fund expenses are deducted from fund assets and reflected in the NAVs of the underlying mutual funds, which means they are also reflected in the NAV of the college savings plan’s investment options. More information on the mutual funds that underlie the plan’s investment options is available in the college savings plan’s offering document. In addition, more information on the underlying mutual funds, including their ongoing fees and expenses and overall expense ratio, is available in the funds’ prospectuses.

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

Fees and Costs – Marketing Expenses and Allowances

Marketing representatives of college savings plan sponsors or their affiliated distributors, often referred to as “wholesalers,” work with our financial professionals to promote their products. These college savings plan sponsors and their wholesalers may pay for or provide training and education programs for our financial professionals. College savings plan sponsors and their wholesalers may provide small gifts or business entertainment to our financial professionals, may cover expenses with our financial professionals attending business meetings they sponsor, and may provide financial assistance to financial professionals for their marketing events and activities.

You do not pay these marketing expenses directly. However, the marketing expenses are built into the pricing of the college savings plan, so you indirectly pay for the cost of the marketing expenses, such as training and education programs for our financial professionals sponsored by the college savings plan sponsors and their wholesalers.

More Information

More information on the sales charges and ongoing fees and expenses is available in the college savings plan’s offering document, which you can request from your financial professional or obtain a copy from the college savings plan’s website.

Variable Products

Characteristics

The Firm offers variable annuities and variable life insurance policies (variable products). These variable products are issued by different insurance companies and will be in the form of a contract or policy between you and the insurance company. There are differences from one variable product to the next in the features, benefits, fees and costs of the product and in minimum and maximum premium amounts. Below is general information about most variable products. Information about the particular features, benefits, fees and costs for a specific variable product can be found in the prospectus for that product. You will receive a copy of the prospectus for the variable product that your financial professional recommends to you.

Variable annuities can help with saving for retirement. Funds invested in these annuities can grow tax-deferred. This means you will pay no federal taxes on the income and investment gains on the funds you invest in your annuity until you make a withdrawal, receive income payments, or a death benefit is paid. When you withdraw your funds, however, you will pay tax on the gains at ordinary federal income tax rates rather than lower capital gains rates. When you start taking income payments, you can select payment options that will guarantee you payments for as long as you live. Some annuities offer additional features and guarantees, available as options or riders.

Variable annuities can have different features and cost structures. Traditional variable annuities allow a contract owner to invest premiums in various subaccounts similar to mutual funds which fluctuate in value based on the market value of the securities in which they invest. The subaccount options are selected by the issuing insurance company and often include many options based on investment objective and asset class and offerings from multiple investment managers. Traditional variable annuities also typically include an option to invest in a fixed account that pays a stated rate of interest and is guaranteed by the issuing insurance company.

Structured variable annuities, also referred to as a variable indexed annuity or buffer annuity, pay a return based on the performance of a particular market index or multiple indices. There are limits, or caps, on the amount of return you receive over a stated period of time. Structured variable annuities also offer a level of downside protection to limit the potential losses in the account based on the performance of the indices. These contracts use structured products to provide a buffer against some (but not all) losses in account value. Your premiums are not invested directly in the indices and you will only participate in the growth or decline of the indices, excluding any distributions. The caps, downside protection options, fee structure, indices, and variable sub-accounts available and the standard death benefit varies by product.

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

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

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

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

Fees and Costs – Premium Payment Deductions

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

Fees and Costs – Surrender and Withdrawal Charges

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

The surrender charges also vary by variable product, and generally begin around 7% of the purchase payment in year one and end around 1% of the purchase payment in the final year of the surrender charge period. Typically, the surrender charges decrease over the duration of the surrender charge period, with the higher surrender charges applying to surrenders and withdrawals made at the beginning of the surrender charge period, and the lower surrender charges applying to surrenders and withdrawals made toward the end of the surrender charge period. Tax penalties can also apply to surrenders or withdrawals under annuities made before age 59½.

Fees and Costs – Ongoing Fees and Expenses

For most variable products, insurance companies deduct fees and expenses from your cash value to cover fees and expenses. These ongoing fees and expenses commonly include mortality and expense (M&E) risk fees, cost of insurance fees (assessed under variable life insurance policies), administration fees, transaction fees, and fees associated with certain optional riders. The M&E risk fees are calculated as a percentage of your insurance coverage or account value and are described as an annualized rate charged against assets. However, some fees, such as administration or transaction fees, are fixed amount fees charged annually or when specific transactions occur and are deducted from your cash value. The cost of insurance fees charged on variable life insurance is typically calculated by applying a rate based on your underwriting classification to the "net amount at risk" (the difference between your product's death benefit and cash value). These fees typically are deducted from your cash value on an ongoing basis. If you add riders to your variable annuity or variable life insurance policy, the fees for those riders will be deducted from your cash value. Structured variable annuities may not have an ongoing fee that is deducted from the value of the account but you are indirectly paying a fee by forfeiting returns above the cap set on your account. In other words, if the index returns more than the cap on your account, the insurance company keeps the difference between the index's return and the cap as payment.

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

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

Fees and Costs – Our Commissions

When you purchase a variable product, the issuing insurance company will pay a commission to us. While you do not pay this commission directly, the insurer factors this commission into the product's fees and costs in the case of variable

products. In this way, you indirectly pay the commission. We receive this commission for our sales efforts and for assisting you with the insurance application and the underwriting and delivery processes related to the purchase of a variable product. We share a portion of this commission with your financial professional.

Insurance commissions we receive vary based on the variable product and insurance company, and we receive higher commissions for some types of variable products than for others, which creates a conflict of interest for us. In addition, in the case of life insurance, the commissions may vary between initial premium payments and subsequent premium payments. Although insurance commissions vary, we typically receive between 5 and 7% commission for a variable annuity sale, and between 50 and 80% of the first year premiums and 2% of all subsequent premiums as a commission for a variable life insurance sale.

For example, if you purchase a \$50,000.00 variable annuity from an insurer that pays us a 7.00% commission, we will receive, and you will indirectly pay, an initial commission of \$3,500.00. If you contribute another \$10,000.00 to your variable annuity contract as an additional payment, we will receive, and you will indirectly pay, a subsequent commission of \$700.00.

Fees and Costs – Marketing Expenses and Allowances

Some insurance companies also pay us a marketing allowance for our marketing activities on their behalf. The marketing allowances, also known as “revenue sharing” payments, are usually calculated as a percentage of new sales (premiums paid by our retail customers), a percentage of the cash value in variable products held by our retail customers, or both. The percentage paid varies from insurer to insurer, but is generally 0.25% of new sales. Some insurers additionally or alternatively make contributions to cover the costs of the business meetings and events that we hold for our financial professionals. Not all of the insurers whose products we offer make these payments to us.

Marketing representatives of insurance companies or their affiliated distributors, often referred to as “wholesalers,” work with our financial professionals to promote their variable products. These insurance companies and their wholesalers may pay for or provide training and education programs for our financial professionals. Insurance companies and their wholesalers may provide small gifts or business entertainment to our financial professionals, may cover expenses with our financial professionals attending business meetings they sponsor, and may provide financial assistance to financial professionals for their marketing events and activities.

You do not pay these marketing expenses directly. However, the marketing expenses are built into the pricing of the variable product, so you indirectly pay for the cost of the marketing expenses, such as training and education programs for our financial professionals sponsored by the insurance company and their wholesalers.

More Information

More information about variable products, including the insurance commissions and other fees and expenses built into the cost of the insurance, is available in the variable product’s prospectus. You can request a copy of a variable product’s prospectus from your financial professional.

In addition, more information on the mutual funds underlying the variable product’s investment options, including the mutual fund’s ongoing fees and expenses and overall expense ratio, is available in the mutual funds’ prospectuses. You can request a copy of underlying mutual fund prospectuses from your financial professional.

2. Conflicts of Interest

We have identified certain conflicts of interest (conflicts) that relate to the recommendations we and our financial professionals make. A conflict arises when either we or your financial professional are incentivized to put our interests and/or the interests of your financial professional ahead of the interests of a retail customer. Some of these conflicts exist between retail customers and both our firm and financial professionals, while others exist between retail customers and our firm alone or between retail customers and financial professionals alone. The section below discloses material facts relating to these conflicts so that you are able to make an informed decision regarding any recommendation a financial

professional provides you. The Firm has reasonable policies and procedures in place to mitigate risk associated with these conflicts.

2.1. Conflicts for Both Our Firm and Financial Professionals

Conflicts between retail customers and both our firm and financial professionals may be caused by a variety of arrangements, including the role we play in a transaction, compensation arrangements, or trading arrangements. The material facts relating to these conflicts are as follows:

- ✓ *We and our financial professionals get paid when you trade or invest based on our recommendations.* We are paid each time you trade in your brokerage account or make a new investment. We also pay our financial professionals a portion of the transaction-based payments that we receive. These transaction-based payments, usually called commissions, incentivize us and your financial professional to encourage you to trade more and purchase additional investments that result in additional revenue for our firm and your financial professional.
- ✓ *Investments pay different compensation.* Compensation (i.e. commissions) paid to our firm and our financial professionals varies by the type of specific investment you select. Different investments will pay us and our financial professionals higher or lower commissions depending on the type of investment being recommended. For example, investing in a variable annuity will usually pay a higher commission than purchasing an individual equity or bond. The investments that result in higher compensation to us generally will also have higher ongoing operating expenses. The appropriate type of investment will depend on a client's investment profile. Differential compensation among the types of available investments may lead financial professionals to recommend those that pay a higher amount.
- ✓ *For some investments you purchase based on our recommendation, we receive payments from a third-party that are in addition to the transaction-based payments described above.* This is typically the case when you purchase mutual funds, college savings plans, and variable products. For example, certain issuers make ongoing payments to us based on invested assets (and not just new investments), such as 12b-1 fees, shareholder servicing fees or trail compensation. These third-party payments are described in further detail in the prospectus or offering materials for the investment, which will be made available to you in connection with any purchase. All of these third-party payments incentivize us and your financial professional to sell you or recommend you hold investments that entail these payments rather than investments that do not entail these payments or entail comparatively lower payments.
- ✓ *For investments with multi-share class structures, we generally receive comparatively more compensation when we recommend you purchase or hold a share class that is likely to be more costly for you.* Some investments, such as mutual funds, college savings plans, and variable annuities, offer multiple share classes, and depending on the share class in which you are invested, we may earn higher commissions, ongoing payments and/or other compensation. These comparatively higher commissions, ongoing payments and other compensation incentivize us and your financial professional to sell you or recommend you hold the share class in a multi-share class structure that results in the most compensation for us and is likely to be more costly for you. Please note, however, that where issuers have multi-share class structures, the lowest-cost share classes may not be available to retail investors, due to high minimum investment amounts or account type requirements (e.g., a retirement account or an advisory account). You can find more information about the compensation paid on different share classes in the prospectus for the investment, or by asking your financial professional.
- ✓ *Certain investments with similar features are offered by multiple product sponsors and compensation can vary by product sponsor.* Financial professionals may be incentivized to recommend an investment issued by a higher-paying product sponsor. As described above, mutual fund compensation will vary by the share class purchased. In addition, other investment product compensation structures may vary as well. For example, variable annuity products also pay us and our financial professionals different levels of commissions depending on the specific variable annuity or share class being recommended.
- ✓ *For some investments, the Firm incurs additional charges and fees (sometimes called "ticket charges"), and in some instances, these charges and fees are passed along by the Firm to the representative.* These fees vary by

security. This might incline the Firm or a representative to recommend a security that does not incur these fees or a security that incurs lower fees.

- ✓ *We get paid when you engage in a rollover transaction.* We can provide you education with respect to the rolling over of assets from your workplace retirement plan into an IRA account. When you engage in a rollover to an IRA, we and your financial professional will receive compensation in connection with the investments you hold in your IRA account.
- ✓ *We have an incentive to recommend the account type that pays us the most compensation.* We can recommend that you invest through different account type arrangements, such as through a brokerage account, an account directly held with the issuer of the investment (or its transfer agent), or an advisory account. Depending on factors such as the type and level of services you require as well as the frequency of trading in your account, one of these account types may be more cost-effective for you than the others. The availability of different account types incentivizes us and our financial professional to recommend the account type that results in the most compensation for us and your financial professional.
- ✓ *Certain supervisors who are responsible for supervising recommendations made by financial professionals may have other job responsibilities.* These supervisors may have other job responsibilities on behalf of CuFi or the program credit union they are employed by and therefore are not completely dedicated to supervision. In addition, certain supervisors' compensation may be dependent upon or derived in whole or in part from the activity they are supervising or for other job duties, which may incentivize them to spend more time on increasing production of the financial professionals they supervise or any other job responsibilities unrelated to supervision than they do on their supervisory responsibilities.
- ✓ *The Firm is also an insurance agency and our representatives can offer non-security insurance products through either our insurance agency or an unaffiliated insurance agency or relationship.* These insurance products may result in higher compensation to us or our representatives, which might encourage our representatives to recommend them rather than broker-dealer products.

2.2. Conflicts for Our Firm

Conflicts between retail customers and our firm may be caused by a variety of arrangements, including the role we play in a transaction, compensation arrangements, trading arrangements, or customer-specific arrangements. The material facts relating to these conflicts are as follows:

- ✓ *Many issuers of the investments our financial professionals recommend periodically pay us based on the total amount of sales we make of their investments or the total amount of customer assets we direct to them.* These payments are sometimes called "revenue sharing" payments. Revenue sharing payments incentivize us to sell you or recommend you hold investments that entail such payments rather than investments that do not entail these payments or entail comparatively lower payments. Many issuers or their affiliates also make payments to us to cover the costs associated with certain educational conferences or training seminars we host for our financial professionals. These payments are flat and are not tied to total sales or customer assets. These flat payments incentivize us to sell you or recommend you hold investments issued by issuers that make these flat payments rather than investments of issuers that do not make these payments or make comparatively lower payments. Please refer to the additional disclosure on our website at [cu.financial/disclosures](https://www.cufinancial.com/disclosures) regarding the specific issuers with whom we have arrangements for revenue sharing payments and flat payments for conferences.
- ✓ *Our clearing firm also makes revenue sharing payments to us.* Our clearing firm makes revenue sharing payments to us for amounts held in a bank sweep vehicle and cash held in client accounts as free credit balances. CuFi is able to determine the interest rate paid to clients for the cash (i.e. free credit balances) held in their brokerage account and can increase the payout to clients by reducing its portion of revenue sharing on those balances. These payments incentivize us to recommend you hold investments that entail such payments rather than investments that do not entail these payments.

- ✓ *We have an incentive to minimize our own execution costs.* Some securities transactions and investment strategies may be easier and less costly for us to execute than others. For instance, it may be less costly for us to execute a purchase order for a highly traded equity security through a national securities exchange than it would be for us to execute a purchase order for a thinly traded and relatively illiquid equity security through the OTC markets. These differential execution costs incentivize us to recommend investments with execution costs that are lower for us, even if they are not necessarily in your best interest.
- ✓ *The Firm generates revenue based on the financial professionals we associate with.* We are dependent on financial professionals to generate revenue, which could lead us to select representatives perceived to be able to generate higher revenue regardless of their regulatory or customer complaint background. You can view information on your financial professional's background on FINRA's BrokerCheck website at brokercheck.finra.org.
- ✓ *The Firm and our financial professionals accept transaction requests contrary to our recommendations.* Accepting a client's transaction request that is contrary to the financial professional's recommendation creates a conflict for us and our financial professionals as we will be compensated for that transaction even if we did not recommend it or do not believe it is in your best interest.

2.3. Conflicts for Financial Professionals

Conflicts between retail customers and our financial professionals may be caused by a variety of arrangements, including compensation arrangements, retail customer-specific arrangements, or outside business activities. Your financial professional's compensation is based on a compensation plan that is unique to the program credit union they are associated with. CuFi is required to approve the compensation plan. Each plan can be structured differently and create unique conflicts of interest for the financial professional. Financial professionals may be employed by the program credit union or may be an employee or contractor of CuFi. If employed by the program credit union, compensation is paid to them by the program credit union. If employed or an independent contractor of CuFi compensation is paid by CuFi directly to the financial professional. The material facts relating to these conflicts are as follows:

- ✓ *Your financial professional's compensation is tied to meeting sales targets as determined by the program credit union's or CuFi's compensation plan.* Firm-paid cash and non-cash compensation, incentives, contests, quotas, and bonuses for financial professionals are tied to factors including asset accumulation or growth, total sales, and appraisals or performance reviews. These arrangements can be tied to broker-dealer activity only, investment advisory activity only, or both. These arrangements incentivize your financial professional to encourage more trading and the purchase of additional investments in the account or product type that result in your financial professional meeting his or her sales targets. This conflict is especially acute as your financial professional approaches the deadline for meeting sales targets, which is typically at the end of the calendar year.
- ✓ *The amount of compensation we share with your financial professional depends on the investments recommended to you, your financial professional's sales volume and the compensation plan of the program credit union.* The amount of commissions, fees, transaction-based payments, ongoing payments, and other forms of compensation we share with financial professionals is dictated by a compensation grid used by the program credit union. Our compensation grid is not investment neutral, meaning that the percentage of the compensation for any given transaction that your financial professional receives varies based on the investment recommended. Our non-investment-neutral grid incentivizes your financial professional to recommend to you the investment that results in the highest net payout for your financial professional. For example, investing in a variable annuity will usually pay a higher commission than purchasing an individual equity or bond. Or, financial professionals may be compensated differently on broker-dealer activity than they are on investment advisory activity, which creates an incentive to recommend one activity or product type over another. In addition, the compensation grid of a program credit union can have thresholds or bands that enable your financial professional to increase his or her compensation through an incremental increase in sales. Moreover, your financial professional's payout percentage can be adjusted annually depending on your financial professional's total sales and overall performance. These thresholds, bands and payout percentage adjustments incentivize your financial professional to encourage more trading and the purchase of additional investments that result in your financial professional meeting certain sales targets and other metrics. This conflict is especially acute as your financial professional approaches a sales threshold or the deadline for meeting sales targets, which is typically at the end of the

calendar year.

- ✓ *Some of our financial professionals receive additional training and support from certain issuers.* Certain issuers and their affiliates provide some of our financial professionals with more training and administrative support services than others. If your financial professional receives this additional training and support, his or her use of these issuers' higher level of training and administrative support services incentivizes your financial professional to recommend investments issued by issuers that provide such training and services over issuers that do not, even if such investments are not necessarily in your best interest.
- ✓ *Some of our financial professionals' marketing efforts are subsidized by wholesalers and our financial professionals may receive small gifts or entertainment from wholesalers.* Some of our financial professionals receive reimbursements or direct payments from the wholesalers of certain investments for marketing expenses they incur in connection with the distribution of wholesalers' investments. Wholesalers may also provide small gifts or business entertainment to our financial professionals. If your financial professional receives these wholesaler reimbursements, direct payments or gifts or entertainment, they incentivize your financial professional to recommend investments that entail these wholesaler reimbursements or payments over investments that do not, even if such investments are not necessarily in your best interest.
- ✓ *Financial professionals may have outside business activities that compete for their time.* Financial professionals are permitted to engage in certain outside business activities pre-approved by the Firm. If your financial professional engages in any outside business activities, these activities can incentivize your financial professional to spend more time on the outside business activity rather than on his or her brokerage relationship with you. In addition, some of our financial professionals may be registered with an unaffiliated registered investment adviser as an outside business activity, which creates a conflict as the financial professional may recommend an investment available through the unaffiliate registered investment adviser over an investment available through CuFi. Your financial professional will inform you if he or she is associated with an unaffiliated registered investment advisor or you can review this information at adviserinfo.sec.gov. You may research any outside business activities your financial professional may have on FINRA's BrokerCheck website at brokercheck.finra.org.
- ✓ *Our financial professionals may invest their own funds in securities in a similar manner or contradictory manner to yours.* Your financial professional's interest in a security can create a conflict in the recommendation they make to you in that security.
- ✓ *Some financial professionals who are employees of a program credit union.* These credit unions may have internal organizational goals to promote growth within the credit union. These goals may include the cross-selling of products and services offered by the institution. Compensation paid by the credit union to the CuFi financial professional in their capacity as employees of the credit union or an affiliate may be greater if these goals are met. This could create a conflict for an advisor to recommend a CuFi product or service to a credit union member in order to meet those goals.
- ✓ *Financial professionals may act in a position of trust for immediate family members who may be clients of CuFi* permits financial professionals to serve in a position of trust (e.g. trustee, beneficiary, power of attorney) for immediate family members and those family members may hold accounts at CuFi and the financial professionals will receive compensation for transactions or holdings in those accounts where the financial professional serves in a position of trust. The immediate family members have knowledge of our financial professional being named in these positions of trust.
- ✓ *Other financial professional conflicts.* If one of our financial professionals has a conflict associated to a recommendation they make to you that is not described above, the financial professional will disclose that to you either orally or in writing prior to or at the time of the recommendation.