



Form CRS Supplement

Cambridge Investment Research, Inc.
Cambridge Investment Research Advisors, Inc.

Introduction

The purpose of this supplement is to provide additional information beyond both the Cambridge Investment Research, Inc. (“Cambridge”) Form CRS and the Cambridge Investment Research Advisors, Inc. (“CIRA”) Form CRS. This supplement collectively refers to registered representatives and investment advisor representatives as “Financial Professionals.”

Investment Services and Advice

Cambridge

A Cambridge registered representative may offer recommendations to you for each security transaction. A registered representative is obligated to have a reasonable basis for believing that any recommendation is in your best interest and will meet your investment goals and objectives with an appropriate amount of risk that you have set for your account.

You cannot grant discretion to your registered representative to buy, sell, or exchange securities on your behalf. The registered representative must contact you for approval prior to purchasing, selling, or exchanging securities for your account. You may also contact your registered representative to buy, sell, or exchange securities but you must select the asset, amount, and action to buy, sell, or exchange.

A commissionable account may be more appropriate if you want to maintain greater control over your investments, but still want the benefit of a registered representative’s guidance. A registered representative may recommend specific security transactions but is not obligated to provide ongoing management of your account.

Your registered representative may be compensated by receiving a commission which can be charged to your account for a buy, sell, or exchange transaction. There may be ticket charges or additional fees charged by the qualified custodian for executing a transaction, which the registered representative does not receive.

CIRA

A CIRA investment advisor representative may offer ongoing investment advice. You set the overall direction for your account, then your investment advisor representative executes that strategy by recommending or selecting a portfolio of securities the investment advisor representative believes will help you meet your goals and objectives with the appropriate amount of risk. You establish the risk tolerance for your account. CIRA cannot enter into an advisory relationship unless a written investment advisory agreement is obtained which describes CIRA’s obligations to you.

Discretionary authority may be offered by your investment advisor representative; this type of service allows the investment advisor representative to execute trades on your behalf without discussing each trade prior to placing the buy, sell, or exchange order. Discretion is defined as exercising the right to select which security will be purchased or sold, the amount of securities to be bought or sold, and whether the transaction is to buy, sell, or exchange. In a non-discretionary advisory account, the investment advisor representative may only decide the time your trade is placed or the price of the buy, sell, or exchange, after you have already discussed the asset, amount, and action to buy, sell, or exchange.

An advisory account may be more appropriate if you do not want to be actively involved in the day-to-day management of your investments as you work toward your goals and objectives. An advisory account is monitored by the investment advisor representative and rebalanced as needed. An investment advisor representative is obligated by law to:

- Act in your best interest when providing advice and recommendations
- Disclose or avoid any material conflicts of interest
- Make suitable and appropriate investment recommendations or transactions based on your investment goals, objectives, and risk tolerance

Your investment advisor representative typically receives a fee based upon the arrangement set in your advisory agreement. The fee is usually deducted from your account. There also may be ticket charges or additional fees charged by the qualified custodian for executing a transaction, which are not included in the advisory fee.

There are various types of advisory accounts. It is important you carefully consider the differences between the advisory services when contracting with your investment advisor representative.

Fiduciary Responsibility

Financial Professionals can provide investment advice regarding your retirement plan account or individual retirement account (“IRA”). In doing so, your Financial Professional must act as a fiduciary within the meaning of Title I of the Employee

Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. Fiduciary responsibility requires that Financial Professionals put your interests ahead of their own. In acting in your best interest your Financial Professional will adhere to consumer protection standards that require that compensation not be excessive based on the market value of the particular services, rights and benefits delivered to you.

The way that your Financial Professional and Cambridge make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice); Never put our financial interest ahead of your when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for services; and
- Give you basic information about conflicts of interest.

Licensing and Qualification

When discussing services with a Financial Professional you should understand which services your Financial Professional can provide. Financial Professionals are restricted as to the services they can provide and sometimes by the types of securities for which they can provide advice or recommendations. These restrictions are based on the exams they have passed, the designations they maintain, as well as the state in which they reside. Each additional exam a Financial Professional passes allows them to provide additional services and/or recommendations. Each designation a Financial Professional maintains has unique qualification standards and ongoing maintenance expectations. Each state has its own securities laws that dictate who can offer investment services in their state, and how each individual can offer investment services in their state. The following is a list of services and products for which a Financial Professional is allowed to offer based on this criteria.

- **FINRA Series 7 Exam** – Limits a Financial Professional to providing recommendations on public offerings and/or private placements of corporate securities (stocks and bonds), rights, warrants, mutual funds, money market funds, unit investment trusts (“UIT”), exchange traded products, 529 plans, real estate investment trusts (“REIT”), options on mortgage backed securities, government securities, repurchase agreements (“REPO”), and certificates of accrual on government securities, direct participation programs (“DPP”), municipal securities, hedge funds, venture capital offerings, variable annuities (“VA”), variable life insurance (“VUL”), local government investment pools (“LGIP”), and closed-end funds. The Series 7 exam is called the general securities representative exam as it allows Financial Professionals to make recommendations on the largest number of securities products.
- **FINRA Series 6 Exam** – Limits a Financial Professional to providing recommendations on VAs, VULs, UIT, 529 plans, LGIP, and closed-end funds on the initial offering only.
- **FINRA Series 22 Exam** – Limits a Financial Professional to providing recommendations on DPPs including real estate, oil and gas, and equipment leasing, and limited partnerships (“LP”), limited liability companies (“LLC”), and S-Corporation securities.
- **FINRA Series 52 Exam** – Limits a Financial Professional to providing recommendations on municipal securities.
- **FINRA Series 62 Exam** – Limits a Financial Professional to providing recommendations on stocks, bonds, closed-end funds, and exchange traded products. This exam is commonly used in combination with the Series 6 exam.
- **FINRA Series 82 Exam** – Limits a Financial Professional to providing recommendations on private placement securities which are non-public securities offerings sold under an available registration exemption outlined in the Securities Act of 1933.
- **NASAA Series 63 Exam** – Entitles a Financial Professional to function as a securities agent in certain states. Generally, Financial Professionals who have passed the series 63 exam will be limited as to which products they can provide recommendations by the FINRA exams that they have passed.

Financial Professionals utilizing a series 63 exam are considered registered representatives with a broker-dealer, such as Cambridge, in order to offer recommendations to buy, sell, or exchange securities products.

- **NASAA Series 65 Exam** – Entitles a Financial Professional to function as an investment adviser representative in certain states. Certain states allow individuals to function as an investment advisor representative without taking or passing the series 65 exam or any other exam. Certain states accept certain designations in lieu of taking or passing the series 65 exam.
- **NASAA Series 66 Exam** – Entitles a Financial Professional to function as both a securities agent and an investment adviser representative. The series 66 exam combines the content of the series 63 exam and the series 65 exam.

- **Designations** – Most states accept the following designations in lieu of taking or passing the series 65 exam: Certified Financial Planner (CFP®), Chartered Financial Consultant (ChFC®), Personal Financial Specialist (PFS), Chartered Financial Analyst (CFA), Chartered Investment Counselor (CIC). Additionally, while not accepted in lieu of the series 65 exam, Financial Professionals may maintain many other designations. For additional information, please visit <https://www.finra.org/investors/professional-designations>.
- **Insurance** – Certain investment products, such as VAs and VULs, require a Financial Professional to maintain state insurance licensing, in addition to the required investment exams. Each state has unique qualification standards and ongoing maintenance expectations for the required insurance license to sell these hybrid investment products.

Methods of Analysis, Investment Strategies and Risk of Loss

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

Methods of Investment Analysis

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

- **Fundamental Analysis** – This is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, trying to determine a company’s or a security’s true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, “brand” names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security’s current price in hopes of determining what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security’s value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

- **Technical Analysis** – This method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security’s intrinsic value, but instead uses charts and other tools to identify patterns that can suggest future activity. Technical analysts believe the historical performance of stocks and markets can assist in predicting future performance.
- **Charting** – Charting is the set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe past trends in these indicators can assist to extrapolate future trends.

Charting is a technical analysis that charts the patterns of stocks, bonds, and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs in order to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security’s price, its performance over a period of time and whether it is trading near its high, near its low, or in between. Chartists believe recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.

- **Cyclical Analysis** – This method of analysis focuses on the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

Investment Strategy Terminology

- **Long Term Purchases** – Investments held at least one (1) year
- **Short Term Purchases** – Investments sold within one (1) year
- **Short Sales** – A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.
- **Option Writing Including Covered Options, Uncovered Options, or Spreading Strategies** – Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.
- **Tactical Asset Allocation** – Allows for a range of percentages in each asset class (such as stock = 40 - 50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.
- **Strategic Asset Allocation** – Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets change over time as the client’s goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.
- **Market Timing Strategy** – While uncommon and typically not recommended to clients, some Financial Professionals provide a market timing service as part of an investment strategy. In general, market timing is a strategy where the Financial Professional will try to identify the best times to be in the market and when to get out. This service is designed to take advantage of stock market fluctuations by being invested based on the anticipated market direction. Only clients that are looking for speculative investment strategy should participate in an investment timing service offered by a Financial Professional.
- **Modern Portfolio Theory** – Proposes that investing in a predetermined asset mix derived from the efficient frontier (dictated to achieve a specific client objective within a certain risk tolerance) and rebalancing with discipline, the portfolio is diversified across the various asset classes to mitigate unnecessary risk. This also provides for a portfolio that can operate without reliance on market timing and security selection; however, as with all equity investments positive returns are not guaranteed. In conjunction to investing in a diversified portfolio, each portfolio is constructed to meet specific parameters set forth in the individual client’s investment needs and goals. These parameters can include, but are not limited to, tax efficiency, concentrated stock positions, and management history.

Risk of Loss

You must understand past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in any type of security (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there are varying degrees of risk. You need to be prepared to bear investment loss including loss of original principal.

Because of inherent risk of loss associated with investing, Cambridge and its Financial Professionals cannot represent, guarantee, or even imply that our services and methods of analysis:

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

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

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systematic risk.
- **Equity (Stock) Market Risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- **Company Risk** – When investing in stock positions, there is always a certain level of company industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company’s employees go on strike or the company receives unfavorable media attention for its actions, the value of the company can be reduced.
- **Options Risk** – Options on securities can be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **Fixed Income Risk** – When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed income investors receive set, regular payments that face the same inflation risk.
- **Exchanged Traded Fund and Mutual Fund Risk** – When investing in a Exchanged Traded Fund (“ETF”) or mutual fund, there are additional expenses based on your pro rata share of the ETFs or mutual fund’s operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs. Leveraged and inverse ETFs are not suitable for all investors and have unique characteristics and risks. Although there are limited occasions where a leveraged or inverse ETF can be useful for some types of investors, it is extremely important to understand that for holding periods longer than a day, these funds may not give you the returns you expect.

General Description of Compensation and Product Types

If you choose to establish an account with Cambridge, your account may be custodied either directly with the company offering a particular securities product or at one of the brokerage clearing firms that Cambridge has chosen, National Financial Services, LLC (“NFS”) and Pershing, LLC (“Pershing”). The decision concerning which custody solution to use is made in conjunction with your Financial Professional. However, depending on your needs, only one of the custodian options could be viable. Generally, a Financial Professional will use one of the brokerage custodians and not the other. A conflict of interest exists because other broker-dealers and custodians charge fees that could be more or less than using the custodians available through Cambridge.

Cambridge has chosen to use NFS and Pershing as brokerage custodians based on past experiences, costs, and other offerings or services that they provide to Cambridge, including but not limited to, online access, account custody, trade execution services, clearing services, access to information and, for a fee, electronic trade entry and account information look-up services for Financial Professionals and clients, recordkeeping services, exception reporting, and access to various financial products.

Most securities are purchased either on an exchange or through one of Cambridge’s brokerage custodians or purchased directly and then custodied in a brokerage account. Brokerage accounts are subject to certain maintenance fees, regardless of where or how assets are purchased. A fee (“ticket charge”) is charged for each transaction (i.e., buy/sell/exchange) by NFS or Pershing at Cambridge. This creates a conflict of interest because there is an incentive for Financial Professionals to trade more due to the receipt of transaction-based ticket charge revenue. There may be ticket charges or additional fees charged by the qualified custodian for executing a transaction that your Financial Professional does not receive. More information on the fees and costs associated with NFS and Pershing’s separate, custodial services can be found under “Brokerage Account Ancillary Charges” on JoinCambridge.com.

Cambridge has directed NFS and Pershing to mark-up ticket charges. Additionally, Cambridge has directed NFS and Pershing to mark-up certain non-transaction fees which Cambridge then receives indirectly from you. These fee mark-ups include the services or activities related to: Account inactivity, account maintenance, account termination, bounced checks, check writing and debit card utilization, custody, legal, margin extension and interest, non-purpose loan interest, paper statements and confirmations, postage, reorganization, safekeeping, stop payments, and transfers. These fees and expenses apply to account(s) separate from advisory fees. This arrangement provides a financial incentive for Cambridge to maintain the relationship with NFS and Pershing. Although this retained revenue is not paid to your Financial Professional, this is a conflict of interest because of the additional compensation received by Cambridge.

Cambridge receives a service charge (referred to as a “commission”) as a result of buying securities for you. A commission, also known as a sales load, sales charge, or placement fee is typically charged when a transaction occurs within your account. A commission is often based on the total value of the assets invested, and can reduce the amount available to invest. The commissions that Cambridge receives are shared with your Financial Professional. Commissions vary from product to product. This presents a conflict of interest as it gives your Financial Professional an incentive to recommend investment products based on the compensation received rather than on your needs.

Where compensation is charged, the applicable custodian will send to each client at or before completion of the

transaction, information which includes the date of the transaction, a statement of the nature of the transaction, or an offer to furnish the time the transaction took place, and the total of a compensation received.

Companies that custody their products directly will also typically charge maintenance fees. These fees will vary by direct custodian. Information regarding the specific fees and expenses for each custodian can be found on your account statement. Please contact your Financial Professional with questions about direct custodian fees and expenses.

Investment advisor representatives may provide investment recommendations and implement transactions through the Flexible Managed Account Platform (“FlexMAP”). The investment advisor representative shall manage your account(s) in accordance with your individual needs, objectives, and risk tolerance. These accounts are managed on either a discretionary trading basis or a non-discretionary trading basis as agreed to by you and your investment advisor representative. In order to have trading authorization on your account(s) your investment advisor representative must be granted limited power of attorney over the account(s).

CIRA has a number of approved custodians. While there are others, the most commonly used are Schwab Institutional, TD Ameritrade Institutional, Fidelity Brokerage Services LLC, and Pershing Advisor Solutions. CIRA is independently owned and operated and not affiliated with any of these companies. Generally, an investment advisor representative will not use every platform, and in most cases, will only recommend the use of one. More information on the fees and costs associated with services provided through FlexMAP custodians, can be found under “Brokerage Account Ancillary Charges” on [JoinCambridge.com](https://www.joincambridge.com).

Additional information about how CIRA and its investment advisor representatives collect fees and compensation can be found in the [CIRA Form ADV 2A](#).

Cambridge performs due diligence on a wide range of securities products prior to their approval. Not all securities products pass this due diligence review and as such, will not be offered by Cambridge. Cambridge’s Financial Professionals can only utilize those securities products that have passed the due diligence process and are approved products. Contact your Financial Professional for information regarding specific approved products.

Product Types

The following are descriptions of the primary product types available through Cambridge. This list provides the range of commissions for each product type along with the fees, expenses, and other types of compensation Cambridge receives. Specific information regarding the fees and expenses associated with these products can be found by reviewing each product’s prospectus or other offering documents.

- **529 Plans** – For information regarding 529 Plan fees and expenses refer to the [Mutual Funds](#) section below.

College savings plans and prepaid tuition plans are known as 529 plans. These plans allow the account owner to pay in advance for certain education expenses, most commonly to cover college tuition. 529 plans may be considered municipal securities and the underlying investments generally use mutual funds.

- **Alternative Investments (“AI”)** – Generally commissions will be between 1% - 5.5%. Commissions may be lower or higher. Fees will range between 1% - 5%.

Als are assets that do not fall into one of the conventional investment categories of stocks, bonds, and cash. These assets are held by institutional investors, accredited or high-net-worth individuals because of the products’ complex nature and higher degree of risk. Als are often illiquid, meaning they cannot easily be sold or exchanged for cash without substantial loss in value. Cambridge Financial Professionals are restricted in providing sale recommendations for Als only through markets and offerings for which Cambridge has conducted due diligence. Cambridge due diligence includes review of prospective markets and offerings against predatory sales practices. More information about the fees and costs associated with Als can be found under “Revenue Sharing Disclosure” on [JoinCambridge.com](https://www.joincambridge.com).

- **General Securities** – Generally commissions will be 3.5%. Commissions may be lower or higher. Fees can range from 0.15% - 1.3%.

Cambridge Financial Professionals may provide recommendations concerning and/or assist with buying or selling general securities products, such as publicly traded stock, bonds, exchange traded products, municipal securities, and options, if properly licensed or registered to do so. These products can only be custodied through Cambridge’s preferred brokerage custodians, NFS and Pershing. A commission, mark-up, or mark-down is charged for transactions in these products.

Exchange traded products include ETFs and exchange traded notes (“ETNs”). ETFs are pooled investment funds that trade like stocks on stock exchanges and can be bought or sold throughout the trading day at fluctuating prices. ETNs are a type of debt security that trade on exchanges and promise a return linked to a market index or other benchmark. When ETFs and ETNs are traded at leveraged or inverse rates, they become more volatile and complex as shifts in the standard market can create significant changes in price to leveraged trades and create opposing

shifts in inverse trades.

Municipal bonds and municipal fund securities, including 529 plans, may offer tax advantages to certain investors and are issued by states, cities, counties, and other governmental entities. Municipal securities issuer risks, tax implications, time horizons, and product features should be discussed with your Financial Professional prior to purchase.

Options are contracts that give the purchaser the right, but not the obligation, to buy or sell a security. Options are derivative securities, meaning their value is derived from the value of the stocks and ETFs after which the options are named. Options are typically only used by experienced options investors as the decision to purchase, sell, and exercise options contracts may result in additional costs, losses, and/or negative tax implications.

- **Interval Funds** – Generally commissions will be between 2.5% - 5.25%. Commissions may be lower or higher. Fees will range from 1% - 4%.

Interval Funds are a type of closed-end mutual fund. Interval Funds do not trade on the secondary market and the fund periodically offers to buy back a percentage of the outstanding shares. These funds typically have higher fees than an open-end mutual fund.

- **Mutual Funds** – Generally commissions will be between 1% - 5.25%. Commissions may be lower or higher. Fees will range from 0.5% - 2.25%.

Mutual Funds are baskets of stocks or bonds with a range of options based on the investment choices of the portfolio manager. Those choices can also affect the range of costs. More information about the fees and costs associated with mutual fund investments can be found under “Revenue Sharing Disclosure” on JoinCambridge.com.

Through NFS and Pershing, Cambridge offers select mutual funds to be purchased by you with no transaction fees (“NTF Shares”). You pay a higher transaction charge for transaction fee funds, however, the transaction fee funds can be less expensive to you over time because of lower ongoing operating expenses. Alternatively, NTF Shares can be more expensive to you over time because of the higher ongoing internal operating expenses, such as 12b-1 fees. You and your Financial Professional should discuss and understand these additional indirect expenses borne as a result of the mutual fund fees. Restrictions apply in certain situations.

Pershing receives revenue directly from the mutual fund companies that support their FUNDVEST® program. NFS receives revenue directly from mutual fund companies that support their FundsNetwork® program. Through formal agreements, Cambridge is eligible to receive revenue for assets that are held within the FUNDVEST® and FundsNetwork® programs. Even though these payments are not shared with your Financial Professional, the receipt of these additional payments create a conflict of interest because of the increased compensation to Cambridge.

- **Unit Investment Trust (“UIT”)** – Generally commissions will be between 1.5% - 3.5%. Commissions may be lower or higher. Fees will range from 0.4% - 2.4%. UITs are similar to mutual funds and closed-end funds, except their underlying investments typically will not change during the fixed period of time, known as the term. The UIT portfolio generally consists of stocks and bonds which are redeemable as units, which will affect the upfront commission.
- **Variable Annuities (“VA”)** – Generally commissions will be between 1% - 5.5%. Commissions may be lower or higher. Fees will range from 0.25% - 2%. VAs combine features of insurance and securities investments. The commission ranges vary depending on the type of annuity purchased and the time of the purchase. Sub-accounts, found on all variable products, are a series of investment choices similar to mutual funds. The portfolios may be comprised of stocks, bonds, or money market instruments.
- **Variable Universal Life (“VUL”)** – Commissions of starting premiums range from 25% - 115%. Fees will range from 0.35% - 2%.

VUL insurance combines features of universal life insurance, providing coverage for the life of the insured, while at the same time, providing flexibility in premium payments and in insurance coverage, and variable life insurance where cash values are invested in portfolios of securities in an account separate from the general assets of the insurance company. A VUL will typically pay up-front commissions based on the premiums paid into the policy for a set number of months.

Understanding Fees and Charges

Certain types of securities, including 529s, mutual funds, UITs, interval funds, money market funds, VAs and VULs and other investment products utilize share classes. Fees and expenses that are commonly associated with share class securities include, sales charges (commonly referred to as “loads”), fund maintenance fees, potential volume discounts (often referred to as “breakpoints”), and 12b-1 fees which are paid to the Financial Professional from fund assets, therefore,

indirectly from your invested assets. Understanding these charges and volume discounts will assist you in identifying the best investment for your particular needs and may help you to reduce the cost of your investment. More details about share classes, commissions, fees, and expenses of these securities are outlined in the product's prospectus and any other required offering materials.

The most common types of compensation structures associated with share classes are front end load, back end load, level load, no load, and load waived.

- **Front End Load** – A sales charge is deducted from your investment at the time you buy the investment. This sales charge is a percentage of your total purchase. Some investments offer volume discounts to the front end sales charge assessed on certain share classes at predetermined levels of investment.
- **Back End Load** – No sales charge is deducted at the time of purchase. The load is paid by deducting it from profits or principal when you sell the investment.
- **Level Load** – An annual charge, also referred to as a 12b-1 fee, is deducted from your investment for as long as you hold the investment. These share classes typically do not have set surrender periods.
- **No Load** – These investments do not impose sales charges and you typically buy shares directly from the investment company. The same funds may be available with a load through a Financial Professional. While no load funds have no sales charges, they may still charge 12b-1 fees, purchase fees, redemption fees, exchange fees, and account fees in addition to the operating fees that all funds charge.
- **Load Waived** – If permitted by the issuer, some investments may be purchased on a net of commission basis. The load waived fund is a fund offered by an adviser or broker who might waive the load but keep other fees, such as the 12b-1 fee.

Money Market

A money market account is an interest-bearing account that generally pays a higher interest rate than a regular savings account. These accounts can include check writing and debit card privileges, but are more restrictive than a checking account. Money market products offered through Cambridge are not held through banks or credit unions. Depending on where the money market account is held, insurance coverage is provided either by the Federal Deposit Insurance Corporation ("FDIC") at a bank or National Credit Union Administration ("NCUA") at a credit union.

Money market mutual funds are offered by brokerage firms and mutual fund companies and include short-term investment vehicles such as certificates of deposit ("CDs"), government securities, and commercial paper. The interest rate and features are similar to those of a money market account, however they are not FDIC insured but SIPC insured through Cambridge.

General Conflicts of Interest

Some CIRA investment advisor representatives are licensed to sell securities in the capacity as registered representatives with Cambridge. CIRA investment advisor representatives, acting in their separate capacities as registered representatives sell, for commissions, general securities products such as stocks, bonds, alternative investments, exchange-traded funds, mutual funds, and variable annuity and variable life products to advisory clients. As such, CIRA investment advisor representatives can suggest you implement investment advice by purchasing securities products through a commission-based Cambridge account in addition to an advisory account. In the event you elect to purchase these products through Cambridge, Cambridge and your CIRA investment advisor representatives, in the capacity as Cambridge registered representative, will receive the normal and customary commission compensation in connection with the specific product purchased. This presents a conflict of interest, as it gives the Cambridge Registered Representative an incentive to recommend investment products on the compensation received, rather than on your needs. CIRA does not require its CIRA investment advisor representatives to encourage you to implement investment advice through Cambridge. Clients of CIRA are free to implement investment advice through any broker-dealer or product sponsor they wish to select. However, you should understand that, due to certain regulatory constraints, CIRA investment advisor representatives, in the capacity as a dually registered representative, must place all purchases and sales of securities products in commission-based brokerage accounts through Cambridge or other Cambridge approved institutions. The fees charged by Cambridge and custodians approved for use by Cambridge can be higher or lower than other broker-dealers and custodians.

Certain product sponsors provide your Financial Professional with economic benefits as a result of your Financial Professional's recommendation or sale of the product sponsors' investments. These other products and services can benefit Cambridge and/or your Financial Professional but may not benefit you. The economic benefits received can include but are not limited to, financial assistance or the sponsorship of national or regional conferences, reimbursement to Cambridge when a Financial Professional chooses to enlist the services of Cambridge Source to assist with their conferences, client meetings or other events, and educational sessions, marketing support, payment of travel expenses, occasional business entertainment, including meals, invitations to sporting events, including golf tournaments, educational opportunities and tools to assist your Financial Professional in providing various services to clients, including but not limited to, software and other technology (and related technological training) that provide access to client account data (such as trade confirmations

and account statements), provide research, pricing information and other market data, facilitate payment of fees from client's accounts, and assist with back-office training and support functions, record-keeping and client reporting. Some of these services may be used to service all or some substantial number of accounts, including those that are not specifically maintained by an individual product sponsor. These services are intended to help manage and further develop the business enterprises of Cambridge and your Financial Professional and can include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. Some product sponsors may make available, arrange and/or pay vendors for these types of services or discount or waive fees it would otherwise charge. These economic benefits may be received directly by your Financial Professional or indirectly through CIRA and/or Cambridge who have entered into specific arrangements with product sponsors. A recommendation/requirement that clients maintain their assets in accounts based in part on the benefit to your Financial Professional, CIRA or Cambridge, or the availability of some of these products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided create a potential conflict of interest. These economic benefits could influence your Financial Professional to recommend certain products/programs over others. Please review the CIRA and **Cambridge Revenue Sharing Disclosure** for further information about any of CIRA's revenue sharing arrangements. It is also available upon written request.

In addition to the economic benefits, including assistance and services detailed above, CIRA and/or Cambridge enters into specific arrangements with product sponsors and other third parties. Financial Professionals offer a wide variety of products and programs including mutual funds, annuities, life insurance, and investment wrap programs (collectively referred to as "Approved Product Companies"). Cambridge and CIRA have entered into various arrangements with some Approved Product Companies referred to as revenue share arrangements. Although CIRA and Cambridge endeavor at all times to put the interest of its clients ahead of its own or those of its officers, directors, or representatives ("affiliated person"), these arrangements present a conflict of interest as they can affect the judgment of Cambridge or its affiliated person when recommending investment products.

Some Financial Professionals may recommend or advise the purchase of an insurance product. This may include hybrid securities products, such as variable annuities and variable universal life, or non-hybrid – fixed – insurance products including but not limited to fixed annuities, fixed indexed annuities (also referred to as equity indexed annuities), universal life, term life, whole life, disability, and indexed universal life. In order to sell these products, an insurer may use a managing general agency ("MGA") as an intermediary between the insurer and the broker/dealer and/or Financial Professional. Other insurers choose to distribute their products directly. Cambridge has entered into various arrangements with some insurers and some MGAs. Cambridge may receive compensation as a result of a sale involving these insurers and MGAs. Providers of insurance and/or annuity products may also make payments to Cambridge or its affiliates to support and participate in marketing and educational efforts, such as conferences and seminars. These arrangements provide a financial incentive for Cambridge to maintain relationships with these insurers and MGAs. Although this retained revenue is generally not paid to your Financial Professional, this is a conflict of interest because of the additional compensation received by Cambridge.

Cambridge shares its commissions received with your Financial Professional. Commissions vary from product to product. This presents a conflict of interest as it gives your Financial Professional an incentive to recommend investment products based on the compensation received rather than on your needs. While Cambridge generally shares its commissions received at a standard rate per Financial Professional, in some instances, the percentage of commissions that Cambridge shares with certain Financial Professionals varies depending on the product type involved. This presents a conflict of interest as it gives your Financial Professional an incentive to recommend investment products based on their increased commission payout rather than on your needs.

In certain circumstances custodians provide CIRA, Cambridge, or you with additional revenue or expense reimbursements to aid in the transfer of costs associated with moving from another firm to Cambridge. The assets are held at Pershing, NFS or SEI. The compensation can vary from client to client and will not exceed \$150.00. The compensation paid to CIRA varies from custodian to custodian. CIRA is reimbursed for transition costs based on the value of eligible assets ranging from five (5) basis points up to fifteen (15) basis points and differs between each of the custodians. This activity represents a conflict of interest because of the benefits received by CIRA.

CIRA applies an administrative fee to third-party investment advisers utilized by Financial Professionals. This additional compensation is based on the amount of assets held at the third-party investment adviser. Even though these payments are not shared with your Financial Professional, the receipt of these additional payments create a conflict of interest because of the increased compensation to CIRA. While the arrangements with third-party investment advisers vary, some third-party investment advisers pay the administrative fee on your behalf. In some situations, CIRA will provide additional marketing opportunities to those third-party investment advisers that provide these payments to CIRA over those that do not. Certain third-party investment advisers will charge the administrative fee to you. This will be disclosed to you by the third-party investment adviser. There are other third-party investment advisers that, neither pay the fee on your behalf nor charge the fee to you. In these cases the fee is charged to your Financial Professional. This creates a conflict of interest as the cost to the Financial Professional is increased in order to use the third-party investment adviser. Due to this additional cost the Financial Professional could choose a third-party investment adviser that pays the fee on your behalf or charges the fee to you.

For retirement plans in which Security Financial Resources, Inc. (“SFR”) serves as the recordkeeper, SFR will deduct CIRA’s advisory fees from a participant’s account(s) quarterly in arrears. In consideration for the administrative, recordkeeping, and trading platform services, SFR will retain up to 25 bps (basis points) of the advisory fees charged by CIRA. SFR will distribute the remaining advisory fees to CIRA.

Cambridge and CIRA clients can choose to participate in Securities Based Loan or Line of Credit programs (“SBLOC”) that are available through certain custodian platforms as well as Unaffiliated Third Party Investment Advisor platforms. In these programs clients benefit from having an alternative for accessing credit for financial needs in the form of a non-purpose loan. If you choose to participate in Pershing’s Loan Advance Program, NFS’s Goldman Sachs Private Bank Select Program or Fidelity’s Goldman Sachs Private Bank Select Program (“Custodian Programs”), Cambridge or CIRA will receive revenue for your participation in these programs. Pershing’s Loan Advance Program, NFS’s Goldman Sachs Private Bank Select Program and Fidelity’s Goldman Sachs Private Bank Select Program are not available to clients in CAAP^{®1} and UMA. Even though this revenue is not shared with your Financial Professional, the receipt of this additional revenue creates a conflict of interest because of the increased compensation to Cambridge or CIRA. If you choose to participate in Custodian Programs or Unaffiliated Third Party Investment Advisor Programs, a conflict of interest also exists due to the fact that CIRA and your Financial Professional will benefit because you don’t have to liquidate assets in your account to pay for things with cash, which would diminish the assets held in the account and the potential fees or commissions that could be earned by Cambridge, CIRA or your Financial Professional from holding or engaging in future transactions with those assets. For example, with a fee-based account, by recommending that you participate in these programs to fund some purchase or financial need rather than liquidate securities, Cambridge, CIRA and or your Financial Professional continue to earn fees on the full account value.

Cambridge clients can choose to loan securities to Pershing or NFS by participating in the Cambridge Fully-paid Lending Program. Clients will maintain full ownership of the securities on loan and may recall the loan at any time. Client will relinquish their right to exercise voting rights while securities are on loan. Loaned securities will not have SIPC coverage; however, SIPC coverage applies to the cash collateral received for the loaned securities. Clients receive a lending fee based on the relative value of the securities loaned and are subject to change. Cambridge also receives revenue from these fees and even though these payments are not shared with your Financial Professional, the receipt of these additional payments create a conflict of interest because of the increased compensation to Cambridge.

Some Financial Professionals receive a loan and/or grant from Cambridge at the time of the affiliation with the firm. The loan and/or grant is typically used to assist with costs associated with transitioning from their prior firm to Cambridge. If the amount of the loan or grant exceeds the cost of transition, the recipient uses the remaining funds for other purposes, such as normal operational costs. Some loans are forgiven based on certain criteria such as maintaining certain asset levels and tenure with the firm.

The receipt of a loan or grant from Cambridge presents a conflict of interest in that the Financial Professional has a financial incentive to maintain a relationship with Cambridge and recommend Cambridge to clients. However, to the extent that the Financial Professional recommends Cambridge to clients, it is because he/she believes that it is in the client’s best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by Cambridge and its affiliates.

Some Financial Professionals receive transition assistance, which can include but is not limited to, technology services, administrative support, reimbursement of fees associated with moving accounts and attendance to conferences. This practice represents a conflict of interest in that the Financial Professional has a financial incentive to affiliate with and recommend Cambridge to clients.

Cambridge provides some Financial Professionals with a loan to assist in the expense associated in growing their WealthPort[®] business. The loans are based on certain criteria and funds are provided as a five (5) year forgivable loan. The provision of these loans create a conflict for the Financial Professional as they have an incentive to recommend WealthPort over other programs or services.

Ticket Charge Options

Financial Professionals, in their capacities as investment advisor representatives, provide asset management services through both wrap fee programs and traditional management programs. Under our traditional management programs, there are two separate types of fees. We charge an investment advisory fee for our advisory services, and another fee (“ticket charge”) is charged for each transaction (i.e., buy/sell/exchange) by our affiliated introducing broker-dealer, Cambridge, for accounts held at NFS or Pershing. This creates a conflict of interest for Cambridge because there is an incentive to have Financial Professionals trade more due to the receipt of transaction-based ticket charge revenue by Cambridge. Your Financial Professional determines whether or not the transaction ticket fees charged by Cambridge, NFS, or Pershing are charged to you. Cambridge does not receive ticket charge compensation when transactions occur at another qualified custodian such as Schwab, TD Ameritrade, or Fidelity. Under a wrap fee program, advisory services and transaction services are provided for one fee to the client, however, certain other non-transaction related fees can be assessed to a wrap fee account. For additional details about Cambridge’s wrap fee program, please see Cambridge’s WealthPort Wrap Brochure.

From a management perspective, there is not a fundamental difference in the way our Financial Professionals manage a wrap fee account(s) versus a traditional management account(s). The significant difference is the way in which transaction services are paid. For information on additional fees regarding ticket charges, please refer to the Fees and Compensation section of the CIRA Form ADV.

Certain Financial Professionals have negotiated with custodians to pay for custodial services through a combination of asset-based pricing and ticket charges for income securities and certain “ticket charge” mutual funds. As part of this pricing structure, transactions in ETFs, no-transaction fee mutual funds, and equity securities are exempt from ticket charges. This creates a conflict of interest for your Financial Professional if they pay ticket charges as the selection of these funds and fixed income securities subject to a ticket charge, increases costs for your Financial Professional.

Cambridge has entered into agreements with certain mutual fund product sponsors whereby these product sponsors pay the ticket charges for individual purchases equal to or greater than \$5,000.00 (referred to as systematic purchases) and a reduced charge for mutual fund exchanges at NFS or Pershing. This creates a conflict of interest for your Financial Professional if they pay ticket charges as the selection of these fund partner funds reduces costs for your Financial Professional.

Financial Professionals, in their capacities as registered representatives of Cambridge, receive commissions from the execution of securities transactions. Although not shared with Financial Professionals, Cambridge receives a portion of the ticket charges for non-wrap accounts managed by CIRA and held at NFS or Pershing. In addition, certain mutual fund companies, as outlined in the fund’s prospectus, pay 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from your assets. With managed accounts, 12b-1 (marketing and distribution) fees and trail earned will be credited to your account at the clearing firm whenever possible. When 12b-1 fees and trails earned are not credited to your account, the investment advisory fee will be lowered, or offset by that amount.

FDIC Sweep

Cambridge provides clients with access to different account sweep vehicles that automatically invest cash balances in your brokerage account awaiting reinvestment. Your default sweep vehicle is a Federal Deposit Insurance Corporation (“FDIC”) insured sweep option, described in greater detail below. Additionally, clients have the option to select alternative money market fund sweep vehicles depending on their goals and objectives. Cambridge receives revenue when cash is swept into an FDIC insured bank program or money market fund, as described below. This presents a conflict for Cambridge due to the financial benefit it receives. Cambridge does not share any portion of this revenue with your Financial Professional. It is important to discuss your options with your Financial Professional as they can help determine the appropriate sweep option for you.

If you are seeking the highest yield currently available in the market for your cash balances please contact your financial professional to discuss investment options available outside of the available sweep features that may be more suitable for your investment goals.

Included in the available cash sweep vehicles, are government reserve funds and U.S. Treasury funds. Each vehicle sweeps cash balances on a daily basis. The default sweep option offered by Cambridge in eligible brokerage accounts will sweep cash balances pending reinvestment to and from an investment account to an FDIC insured sweep account on a daily basis. The sweep balances immediately begin earning interest in an Insured Bank Deposit Program (“Insured Bank Deposit Program” or “Program”) that is designed to allow clients to take advantage of the insurance provided through the FDIC. With the exception of cash, FDIC sweep programs offer greater safety than non-FDIC insured alternative vehicles. The FDIC insures traditional bank/deposit accounts, such as checking and savings accounts, and certificates of deposit (CDs). Each account is insured up to \$250,000 for each category of legal ownership. For all eligible accounts, deposits are held at a network of multiple banks, and insurance coverage is currently a cumulative \$1.5 million per tax ID (\$3 million for joint accounts).

As required by federal banking regulations, each Program Bank has reserved the right to require seven (7) calendar days prior notice before permitting a withdrawal of any Program Deposits. So long as this right is not exercised, your ability to access funds, including the ability to write checks against your account, should not be impacted.

If the Program is selected for your account, available cash in eligible brokerage accounts is deposited through a Program into interest-bearing deposit accounts at one or more FDIC-insured depository institutions set forth in the list of depository institutions participating in the Program (“Program Banks”). Generally, cash balances, including those deposited in the Program, are subject to CIRA advisory fees or other asset-based fees, and CIRA includes such cash balances in its calculation of the fees payable by the client for investment advisory services.

If the Program is selected for your account, cash balances will be deposited with participating Program Banks. You are not required to select this option and can choose another cash sweep option you prefer that is available to your account. Other investment sweep options available to you, include (1) sweeping into one of other available non-FDIC insured options or (2) choosing no sweep option, with the cash held in the NFS or Pershing account earning no interest, where funds are available upon request. Alternatively, you may choose to trade into an uninsured money market fund outside of the sweep program, where funds may not be immediately available. Returns to you for these other options that pay interest are typically higher

than returns earned in the Program. In general, the higher the Federal Funds rate, the greater the likelihood interest rates on money market fund sweep options will be higher than the rate of return on the Program Deposits. Money market funds can lose value and have done so in the past, albeit very infrequently.

You will make your selection as to how your cash balances will be handled, at the time of account opening, through your account opening documents. As indicated above, if you do not choose a sweep option, and if your account is eligible for FDIC insurance, the Program will be used for your account. If you select an option other than the FDIC default sweep at the time of your account opening, or you choose a money market fund, the non-FDIC sweep options are the Federated Government Reserves money market fund or the Federated Trust for U.S. Treasury Obligations for a Pershing custodied account, and Fidelity Government Capital Reserves or Fidelity Treasury Trust for an NFS custodied account.

It is important to understand that the cash balance held in your account(s) by NFS or Pershing that is not in the Program is not FDIC insured although it is eligible for protection by the Securities Investor Protection Corporation (SIPC), in accordance with the requirements established by SIPC, up to certain limits. For more information about SIPC coverage, please visit www.sipc.org. SIPC protection differs significantly from FDIC insurance. Not all broker-dealers offer FDIC insured bank deposit sweep vehicles or have the same access and features. Cambridge receives a fee from each Program Bank that participates in the Program.

The interest rate payable to clients is based on the amounts paid by the Program Banks to Cambridge, less a fee retained by Cambridge for administration of the Program. In addition to Cambridge's fee, Pershing, NFS and their third-party administrators receive fees from each bank. The fee retained by Cambridge will never exceed an amount equal to the Federal Funds rate + 0.5% on an annualized basis. Cambridge determines the interest rate to be paid to clients based on expenses to third parties and prevailing competitive FDIC program rates. The fees received will vary from Program Bank-to-Program Bank. The amount of the fee we receive affects the interest rate paid to clients on deposits. The fee that Cambridge receives differs between clients who use NFS as their clearing firm and those who use Pershing. The fee that Cambridge receives is higher than the interest rate payable to clients and any increase in the fee that Cambridge chooses to receive will decrease the amount of the payable interest to the client.

Cambridge partners with StoneCastle Insured Sweep LLC and Total Bank Solutions ("Program Administrators") to monitor and maintain deposits, directed by them, at each Bank under the \$250,000 limits. Additionally, Cambridge receives alerts that notify us of accounts that exceed the \$1.5 million Program limits. However, any deposits (including CDs) that you maintain in the same insurable capacity directly with a Program Bank, or through an intermediary (such as us or another broker), will be aggregated with deposits in your Deposit Accounts at such Program Bank for purposes of the Maximum Deposit Amount. You are responsible for monitoring the total amount of deposits that you have with each Program Bank, including an Excess Deposit Bank, in order to determine the extent of FDIC deposit insurance coverage available to you. For more information on the Maximum Deposit Amount and the Excess Deposit Bank, refer to the Cambridge Investment Research, Inc. Insured Bank Deposit Program Disclosure Document, (<https://www.joincambridge.com/investors/cambridge-disclosures/>). In addition to Cambridge's fee, NFS, Pershing and the Program Administrators will receive fees for record-keeping and administrative services from each Program Bank.

The use of the Program along with other sweep options creates a conflict of interest due to the financial benefits for Cambridge, clearing firms NFS and Pershing, as well as the Program Banks. Depending on the economic circumstances and the prevailing Federal Funds Rate, cash balances held at Program Banks receive a lower interest rate than the prevailing interest rates paid in other interest-bearing accounts, including money market funds. This makes the Program less profitable to clients and most profitable for Cambridge. Cambridge also receives revenue from NFS and Pershing on money market sweep options; however, the revenue Cambridge earns from the Program is greater than the revenue it earns from the other sweep options currently available to you. Importantly, Cambridge has an incentive to place your cash in the Program relative to other sweep options available to you. Even though these payments are not shared with your Financial Professional, the receipt of these additional payments create a conflict of interest because of the increased compensation to Cambridge. Sweep program(s) should not be viewed as a long-term investment option. For help with understanding the best option for your account, please contact your Financial Professional.

