Transitional Broker

Regulation Best Interest Disclosure

June 30, 2020

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

*As you review this information, we would like to remind you that we are a member of the Financial Industry Regulatory Authority (FINRA) as a broker dealer, and affiliated with Lone Peak Advisers (LPA), a Registered Investment Advisor, enabling us to provide both brokerage services and investment advisory services. Our brokerage services are the primary focus of this guide. For more information on our investment advisory services and how they differ from brokerage, please review LPA's Form ADV and Client Relationship Summary (or Form CRS) available at **https://adviserinfo.sec.gov/firm/summary/296772.** Our Form CRS contains important information about the types of services we offer, both brokerage and investment advisory, along with general information related to compensation, conflicts of interest, disciplinary action, and other reportable legal information.*

Brokerage services

We are a limited purpose broker-dealer specializing in variable life & annuity (VLA) and mutual funds products. The services we offer are on a non-discretionary basis. You may select the investments within your account, or we may make recommendations for you, but the ultimate investment decision as to your investment strategy will be yours.

Account Types

We offer many different account types including individual and joint accounts, custodial accounts, 529 plans, estate and trust accounts, partnership accounts, individual retirement accounts (IRA) and other types of retirement accounts as outlined in our account agreement(s). For more information regarding which account type is best for you, speak with your financial professional.

Incidental Brokerage Services, Recommendations and Account Monitoring

Within your brokerage account, we may also provide other incidental services such as research reports, and recommendations to buy, sell, or hold assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is important for you to understand that when our financial professionals make an investment recommendation to you, we are obligated to ensure the recommendation is in your best interest, by considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation. It is also your responsibility to monitor the investments in your account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your account. If you prefer on-going monitoring of your account or investments, you should speak with a financial advisor about whether an advisory services relationship is more appropriate for you.

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

Understanding Risk

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

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with **"Income"** investors typically holding the smallest percentage of higher- risk investments, followed by **"Growth and Income"** investors holding some higher-risk investments, and finally **"Growth"** investors holding a significant portion of their portfolio in higher-risk investments. ***Risk tolerance*** also varies and we measure it on a continuum that increases from **"Conservative"** to **"Moderate"** to **"Aggressive"** and finally **"Trading and Speculation"**.

See the following chart for details.

Investment Objective	Investment Objective Description	Risk Tolerance	Risk Tolerance Definition
Income	Income portfolios emphasize current income and minimal consideration for capital appreciation and usually have less exposure to more volatile growth assets.	Conservative	***Conservative Income*** investors generally assume lower risk, but may still experience losses or have lower expected returns.
		Moderate	***Moderate Income*** investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns.
		Aggressive	***Aggressive Income*** investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth & Income	Growth and Income portfolios emphasize a blend of current income and capital appreciation and usually have some exposure to more volatile growth assets.	Conservative	***Conservative Growth & Income*** investors generally assume lower risk, but may still experience losses or have lower expected returns.
		Moderate	***Moderate Growth & Income*** investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest returns.
		Aggressive	***Aggressive Growth & Income*** investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth	Growth portfolios emphasize capital appreciation with minimal consideration for current income and usually have significant exposure to more volatile growth assets	Conservative	***Conservative Growth*** investors generally assume lower risk, but may still experience losses or have lower expected growth returns.
		Moderate	***Moderate Growth*** investors are willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive returns.
		Aggressive	***Aggressive Growth*** investors seek a higher level of returns and are willing to accept a high level of risk that may result in more significant losses.
Trading & Speculation	***Trading & Speculation*** investors seek out a maximum return through a broad range of investment strategies which generally involve a high level of risk, including the ***potential for unlimited loss of investment capital.***		

Our recommendations are based in part on your risk tolerance and investment objective as outlined above. We encourage you to carefully consider your investment objective and risk tolerance before investing.

******It is important for you to keep your risk tolerance and investment objectives up to date as your needs change.******

Brokerage service models and products

We offer a full-service model among the limited business lines/product types we offer, VLA and Mutual Fund products. This model includes our recommendations for products based upon your individual risk tolerance, investment profile, and needs. This model also includes our assistance with services such as future recommendations and account changes, distributions, direct deposit payments, and other types of payments.

How We Are Compensated—Conflicts of Interest

All businesses at times face conflicts of interest and it is our duty to clients to disclose them so you understand what they are and how we strive to mitigate them. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially adverse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our financial professionals, our clients and third parties. We offer a broad range of investment services and products and we receive various forms of compensation. Securities rules allow for us, our financial professionals, and our affiliates to earn compensation when we provide brokerage services to you. However, the compensation that we and our financial professionals receive from you varies based upon the product or service you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation to us.

We receive direct and indirect compensation in connection with your accounts. Direct compensation is taken directly from your account. Indirect compensation is compensation paid in ways other than directly from your account and may impact the value of the associated investments in your account.

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing investment recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship.

Mutual Funds

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

- ***12b-1/Shareholder Service Fees***

Quarterly 12b-1 fees, also known as trails, are paid by the fund to us. The fees are asset-based fees charged by the fund family. The fees vary, but the majority of these fees are around 0.25%. These fees may be passed on to your financial professional as compensation.

- ***Front-end Sales Charges/Contingent Deferred Sales Charges (CDSC)***

Front-end sales charges may be paid to us and your financial professional when you purchase a mutual fund. The front-end sales charge is deducted from the initial investment on certain share classes. This charge varies and may be as high as 5.75%. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts. In addition, some purchases may qualify for a sales charge waiver based on the type of account, and/or certain qualifications within the account. You should con- tact your financial professional if you believe you are eligible for sales charge waivers.

Contingent Deferred Sales Charge (CDSC) is a fee you pay upon withdrawal of money from a fund prior to the end of the fund's CDSC period. CDSC charges vary and may be as high as 5.50%. CDSC periods can range from one to seven years. This charge typically exists only on share classes that do not have a front-end sales charge. It is sometimes referred to as the back-end load. CDSCs are not charged when you purchase a fund. The fee charged will depend on the share class purchased by the investor. A CDSC is not passed on to your financial professional.

When purchasing a mutual fund, you will receive the fund's prospectus which discloses the Fees and expenses associated with that specific fund.

******These fees and expenses reduce the overall value of your investment.******

Retirement Rollovers

Recommending a client rollover an existing workplace retirement plan, such as a 401K, into an Individual Retirement Account (IRA) creates an inherent conflict of interest. Before moving assets you should consider a variety of factors including, but not limited to:

- **Fees and expenses**
- **Level of services available**
- **Available investment options**
- **Ability to take penalty-free withdrawals**
- **Application of required minimum distributions**
- **Protections from creditors and legal judgements**

Annuities

A variable annuity is an insurance product with an underlying portfolio of mutual funds. There are two elements that contribute to the value of a variable annuity: the principal, which is the money you pay into the annuity, and the returns that your annuity's underlying investments deliver on that principal over the course of time.

Variable annuity companies pay us a commission based on the initial amount invested and any additional principal added to the contract. In addition to the commission, 12b-1 fees (trails) may be paid to us out of the expenses assessed in the mutual fund investment portion of the annuity contract.

Fixed, fixed index, and traditional annuities are all forms of a strictly insurance based product with a rate of interest that is added to your contract value. These annuities pay us a commission based on the initial amount invested and any principal added to the contract. We typically sell variable annuities and not life insurance only annuity products like fixed, fixed index, and traditional annuities.

The amount of compensation varies depending on the issuer, the type of annuity and the amount of the annuity contract. In order to mitigate the incentive for your financial professional to recommend a particular insurance carrier or annuity type based on the amount of compensation, Transitional Broker has put into place a set commission payout limit on this product line.

Conclusion

While it is impossible to identify all potential conflicts of interest, the above descriptions are provided to keep you better informed and detail the inherent conflicts in our industry. If you have any questions, please speak to your financial professional or our Chief Compliance Officer.

Financial Professional Compensation

Financial professionals are compensated in a variety of ways based on the revenue generated from sales of products and services to clients. This compensation may vary by the product or service associated with a brokerage recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or "trail" payments. Thus financial professionals are incentivized to recommend products that have higher fees as well as those with on-going payments.

Typically, a financial professional's payout schedule (periodically adjusted by us at our discretion) increases with production. As a result, financial professionals have an incentive to provide brokerage recommendations that result in selling more investment products and services, as well as investment products and services that carry higher fees. Financial professionals have an incentive to recommend you rollover assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA) because of the compensation they will receive. We maintain policies and procedures designed to ensure that rollover recommendations are in your best interest.

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

Financial professionals may also receive promotional items, meals, entertainment, and other noncash compensation from product providers.