

Customer Disclosure Booklet



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Regulation Best Interest (Reg BI) – Introduction

Regulation Best Interest (Reg BI) is a rule issued by the SEC that requires Ameritas Investment Company, LLC (AIC) and its financial professionals to act in the best interest of a retail customer at the time each recommendation is made. The underlying goal of Reg BI is to improve investor protection by enhancing obligations when making retail recommendations and reducing potential harm to retail customers from conflicts of interest that may impact a recommendation.

This Disclosure Booklet includes general information about the services AIC offers and is designed to help you to understand the scope of our relationship with you, including the capacity in which AIC and our financial professionals are acting, the type of services we offer, material limitations on our services, conflicts of interest that exist for AIC and its financial professionals and the fees and costs that apply to your accounts, transactions, and holdings in connection with the recommendation of securities and investment strategies that we, through our financial professionals make to you.

We encourage you to review this Disclosure Booklet in detail and to contact your financial professional with any questions you may have. If you would like another copy of this Disclosure Booklet, please access and download it from www.ameritas.com/investments/disclosures. You may also request a copy of this Disclosure Booklet from your financial professional or by contacting AIC at 800-335-9858.

Scope and Terms of the Relationship

Financial Industry Activities and Affiliations

AIC is a broker-dealer registered with the U.S. Securities and Exchange Commission (SEC). AIC is a member of the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Rulemaking Board (MSRB) and the Securities Investor Protection Corporation (SIPC). AIC is registered in all fifty states and the District of Columbia to provide broker-dealer services. These services include buying and selling securities and providing investment recommendations. In addition, AIC serves as a municipal underwriter and municipal advisor. Additional information about AIC is available on the internet at <https://brokercheck.finra.org/>. You may search for information using our firm name, Ameritas Investment Company, or by our CRD number, 14869.

AIC is part of the Ameritas Mutual Holding Company (AMHC) family of companies. Ameritas Holding Company owns Ameritas Investment Partners, Inc. (AIP) and Ameritas Life Insurance Corp. (ALIC). ALIC owns Ameritas Life Insurance Corp. of New York, AIC, Ameritas Advisory Services, LLC (AAS), and other related companies. Certain officers and directors of AIC are also officers or directors of related companies. These affiliations result in inherent conflicts of interest. These conflicts are further described in this Disclosure Booklet.

This Disclosure Booklet relates to AIC's broker-dealer business, and the products and services AIC provides to you when acting in a broker-dealer capacity, unless otherwise noted. Information regarding the differences between our broker-dealer business and the investment advisory business provided through our affiliate, Ameritas Advisory Services, LLC (AAS), is set forth in our Form CRS, which is available for download at www.ameritas.com/investments/disclosures. You also may request a copy of our Form CRS from your financial professional or by contacting us at 1-800-335-9858.

AIC and Financial Professional's Capacity

Broker-Dealer Capacity

All recommendations made by your financial professional for which AIC is providing broker-dealer services in your brokerage account or directly with an investment sponsor (known as "direct business") will be made in a broker-dealer capacity as more fully described under the

heading "Our Services" below. Your financial professional will not make investment decisions for you or manage your broker-dealer account on a discretionary basis. Because your financial professional does not have discretionary authority over your accounts, he or she cannot buy or sell securities in your accounts without first obtaining your consent. While your financial professional may recommend securities and/or investment strategies involving securities (including an account type recommendation) to you, it is important for you to understand that you are ultimately responsible for making the decision to purchase or sell securities or to execute any investment strategies involving securities (including account type selection). When your financial professional is acting in his/her capacity as a registered representative of a broker-dealer for your account(s), purchases or sales of securities will only be made in your account(s) when and as specifically directed or authorized by you. Your financial professional is not required to monitor your portfolio or investments on an ongoing basis, including, but not limited to securities that he or she recommends to you. He or she may voluntarily review the holdings in your account for the purposes of determining whether to provide you with a recommendation. This voluntary review is not considered to be "account monitoring" and does not create an implied agreement with you to monitor the account.

Before or at the time you enter into a relationship with AIC, you will receive our Form CRS, which provides information about the broker-dealer services that we offer, the fees and costs that you will incur in connection with those services, specified conflicts of interest that we and our financial professionals have, the standards of conduct to which we and our financial professionals are subject, and our firm's and our financial professionals' disciplinary histories, among other information. Our Form CRS is available at www.ameritas.com/investments/disclosures. You may request a copy of our Form CRS from your financial professional or by contacting us at 800-335-9858.

Before agreeing to any relationship with AIC, you should review the important disclosures in this Disclosure Booklet, including those related to the services you will receive; the fees, costs, and expenses you will pay; the compensation that we and your financial professional will receive; and AIC's and your financial professional's conflicts of interest. After reviewing these disclosures, please discuss any questions you may have with your financial professional.

Our Financial Professional's Capacity

Your financial professional is a registered representative of AIC and is registered through FINRA to sell and service investment products. Some financial professionals are also registered as an investment adviser representative with our affiliated investment adviser, AAS, or an unaffiliated independent investment adviser, and are approved to provide asset management of investment products and/or financial planning services. The majority of our financial professionals are independent contractors, rather than employees of AIC or AAS.

If you have multiple account types with us (i.e., both broker-dealer and investment advisory accounts) your financial professional will tell you which of your accounts he or she is discussing when making recommendations to you. You should discuss any licensing limitations he or she has related to the account types and products that he or she may offer.

When your financial professional is supporting a retirement plan account or individual retirement account either as a registered representative or investment adviser representative, they may be providing investment advice within the meaning of Title 1 of the Employee Retirement Income Security Act (ERISA) and/or the Internal Revenue Code ("Retirement Laws") as it relates to investments and/or asset transfers from one account to another. In this capacity, your financial professional's advice will be fiduciary in nature as described by the US Department of Labor's ("DOL") Prohibited Transaction Exemption 2020-02.

Lastly, your financial professional could be licensed as an insurance agent. If so, he or she would be able to sell insurance products as well as the products and services mentioned above. Your financial professional will explain what products he or she is able to sell, and you can also access <https://brokercheck.finra.org/> to review your financial professional's licenses, insurance and other businesses in which he or she engages under Outside Business Activities, and his or her employment history.

Our Financial Professionals' Securities Licenses

AIC's financial professionals are limited to the types of securities and services for which they can provide recommendations based on the FINRA exams they have passed. Even though AIC offers access to a wide range of investments, some of our financial professionals hold securities licenses that only permit them to recommend, offer, and sell certain types of investments, such as mutual funds, variable annuities, or other specific investments. As a result, these financial professionals are unable to recommend, offer, and sell the full range of investments our firm makes available.

The following is the list of securities industry exams and the associated products a financial professional is allowed to offer by passing the exam. Please be advised that the sale of insurance products, including variable annuities and variable life insurance, requires the financial professional to hold an insurance license in your state of residence.

- Series 6 is a securities license entitling a registered representative of a broker-dealer to sell a limited number of product types including mutual funds, unit investment trusts, 529 savings plans, variable annuities, and variable life insurance. The financial professional receives compensation for these sales in the form of a commission. Holders of the Series 6 license are not permitted to sell corporate or municipal securities, alternative investment programs, options, commodities or futures.
- Series 7 is a securities license entitling a financial professional of a broker-dealer to sell all types of securities products and investments (i.e., stocks, exchange traded funds, unit investment trusts, warrants, real estate investment trusts, direct participation programs, options, bonds and other individual fixed income investments, variable annuities, variable life insurance, and mutual funds). The financial professional receives compensation in the form of a commission for sales of these products. Holders of the Series 7 license are not permitted to sell commodities or futures.
- Series 22 is a securities license that limits a financial professional to sell types of private placement securities or direct participation programs including real estate, oil and gas, equipment leasing, limited partnerships, limited liability companies, and S-Corporation securities.
- Series 52 is a securities license that limits a financial professional's services to engaging in underwriting, trading or sales of municipal securities; providing advisory or consulting services for issuers in connection with the issuance of municipal securities; providing research or investment advice with respect to municipal securities; and other activities which involve communication with public investors in municipal securities.
- Series 62 is a securities license that limits a financial professional to sell common and preferred stocks, corporate bonds, rights, warrants, closed-end investment companies, money-market funds, privately issued mortgage-backed securities, other asset-backed securities, and real estate investment trusts. This category, by itself, does not allow a registered representative to trade municipal securities, direct participation programs, unit investment trusts, mutual funds, variable annuities, variable life insurance, or options. This exam is commonly used in combination with the Series 6 exam.

Each of the above securities licenses is a material limitation on the securities or investment strategies that your financial professional may recommend to you. You should discuss these material limitations that may exist due to your financial professional's licensure and address any questions you may have about the products that they are able to offer with your financial professional. In addition you are strongly encouraged to research your financial professional's experience, securities licenses, and registration on FINRA's BrokerCheck website at <https://brokercheck.finra.org/> and the SEC's website if they are also an investment adviser representative at www.adviserinfo.sec.gov.

Insurance Licenses

AIC offers access to a wide range of variable annuities and variable life insurance policies (together, "variable products"). Some of our financial professionals do not hold the insurance licenses required to recommend, offer, and sell variable products. If your financial professional does not hold the required insurance licenses, he or she will not be able to recommend, offer, or sell you any variable products, even though our firm offers access to a wide range of variable products.

Our Services

Broker-Dealer Services

In AIC's capacity as a broker-dealer, we and our financial professionals can recommend and effect securities transactions for you with your consent, including the buying and selling of stocks, bonds, options, mutual funds, closed-end funds, exchange-traded funds, unit investment trusts, real estate investment trusts, variable annuities, variable life insurance policies, alternative investments, and other securities that can be held in your broker-dealer accounts. Your broker-dealer accounts may include any of the investment options, features, or account types described under the heading "Types of Accounts" below.

AIC provides various broker-dealer services related to your investments in securities, including, but not limited to, taking your transaction orders, facilitating the execution of your securities transactions through our clearing firm, providing general investment information, and providing administrative and other services relating to your broker-dealer accounts and investments. Our financial professionals also provide point-in-time recommendations concerning whether to buy, sell, or hold securities. In addition to recommendations of investment strategies involving securities, our financial professionals may make recommendations of account types and rollovers or transfers of assets, including the rollover or transfer of workplace retirement plan assets into an IRA.

AIC has a contractual agreement with National Financial Services, LLC (NFS) to act as clearing firm and custodian for our client's brokerage accounts. Clearing firms, also known as clearing corporations or clearing houses, handle the operations behind making securities trades happen once a trade is submitted. Essentially, clearing firms make sure that your money and stocks make it to their intended destinations when you place trades by serving as the intermediary between your account and another buyer or seller's account. This process is referred to as execution, clearance, and settlement. A custodian is a financial institution that holds customers' securities for safekeeping in order to minimize the risk of theft or loss. A custodian holds securities and other assets in electronic or physical form.

In addition to holding securities for safekeeping, most custodians also offer other services, such as account administration, transaction settlements, the collection of dividends and interest payments, and tax reporting, among other services. The fees charged by custodians vary, depending on the services that the client desires.

A custodian may also have the right to assert possession over the assets, if required, often in conjunction with a limited power of attorney.

This allows the custodian to perform actions in the client's name, such as making payments or changing investments.

NFS, as custodian of your brokerage account, is responsible for the following: the execution, clearance, and settlement of securities transactions, preparing and sending periodic statements and transaction confirmations, the custody (or safekeeping), receipt, and delivery of funds and securities, and the extension of margin credit upon approval.

For detailed information regarding account fees and transaction fees that would apply to accounts established with NFS, please review the NFS Brokerage Account Fee Schedule available at www.ameritas.com/investments/disclosures.

Cash Sweep Programs

AIC offers the option to automatically invest cash held in brokerage accounts custodied by NFS. Each eligible brokerage account has an associated account to hold cash, including dividends and interest payments, waiting to be invested. This account is called a "sweep" account because cash balances are automatically "swept" into the core account investment vehicle. For eligible accounts, the default core account investment vehicle will be NFS's Bank Deposit Sweep Program ("BDSP"). Available cash in your account is deposited through the BDSP into interest-bearing deposit accounts at one or more FDIC-insured depository institutions (the "Program Banks"). Program deposits may only be accessed through your brokerage account. Program Banks do not have a duty to provide the highest interest rates available and may instead seek to pay a lower rate. Interest rates on cash deposited in the BDSP may be lower than the prevailing market interest rates that have been paid on accounts otherwise opened directly with the Program Bank. Deposits at an individual Program Bank are covered by FDIC insurance up to a maximum of \$250,000 for an individual account and \$500,000 for joint accounts. The maximum amount of FDIC Insurance coverage for your deposits in the BDSP is up to \$2.5 million for an individual account or up to \$5 million for a joint account, subject to the total amount on deposit in an account, applicable FDIC rules and bank availability. Deposits over the limits mentioned here or that cannot otherwise be placed at a Program Bank due to capacity constraints are "Excess Deposits" and will be deposited into one or more "Excess Deposit Banks," as designated on the Program Bank list, without regard to FDIC-insurance limitations, and thus these Excess Deposits will not be covered by FDIC Insurance. The Bank Deposit Sweep Program is not covered by SIPC. The Program Banks where your funds are deposited are not selected in any order. The order in which cash is deposited at the Program Banks on the Program Bank List cannot be changed, however, you have an opportunity to designate a Program Bank as ineligible to receive your cash by contacting your financial professional. Funds are allocated to each Program Bank using an algorithm based on minimum, maximum and target balance set by each Program Bank. Interest rates paid are determined by AIC and subject to change. Your balances will earn the same rate of interest regardless of the Program Bank at which your cash is deposited. The cash balances held at Program Banks receive a lower interest rate than the prevailing interest rates paid by the Program Banks or in other interest-bearing accounts, including money market funds. Program Banks do not have a duty to offer the highest rates available or rates that are comparable to the yield on money market funds. The information provided here should not be relied upon as a full description of the Program. You should rely on disclosure documents provided at the time your account is established and any subsequent information provided by NFS for complete details. Bank Deposit Sweep Program documents including disclosures, interest rates, and a list of participating banks can be found on our website at www.ameritas.com/investments/disclosures.

If you are eligible to participate in the BDSP, you can expect to receive a disclosure document when you establish or fund your account which more fully outlines the BDSP. We encourage you to review it carefully.

If your account is not eligible for the BDSP and you do not select another cash sweep account investment vehicle, your cash sweep investment vehicle will be invested in a non-interest-bearing cash account. Money market sweep options are available; however, they may be subject to transaction fees.

Additional information regarding AIC's conflicts of interests related to the cash sweep programs we offer are described in the section heading "Conflicts Related to Our Clearing and Custody Relationship with NFS" below.

Order Routing

AIC transmits orders to buy or sell securities in brokerage accounts at NFS. In turn, NFS will either execute these orders or transmit client orders for execution to various exchanges or market centers based on a number of factors, including size of the order, trading characteristics of the security, favorable execution prices (including opportunity for price improvement), access to reliable market data, availability of efficient automated transaction processing, and reduced execution costs through price concessions from the market centers. Certain market centers may execute orders at prices superior to the publicly quoted market in accordance with their rules or practices. NFS' order-routing policies, taking into consideration the factors listed above, are designed to result in favorable transaction processing for customers.

When NFS routes orders, they may receive payments as a result. We do not receive any payment for routing orders.

- In accordance with SEC Rule 606(a), we publish a quarterly report which contains certain required information regarding NFS's routing of held, non-directed customer orders in Regulation NMS stocks, as well as both held and not held, non-directed customer orders in listed options with a market value of less than \$50,000 (the "National Financial Services LLC Disclosures"). This report is available at www.ameritas.com/investments/disclosures.
- In accordance with SEC Rule 606(b)(1), upon your request, we are required to provide a report containing specific information regarding NFS's routing and execution of held and not held orders placed on your behalf for the preceding six (6) months. This information includes the identity of the venue where your orders were routed for execution, whether the orders were directed or non-directed, and, if the orders were executed, the time of execution.
- In accordance with SEC Rule 606(b)(3), subject to certain exceptions, upon your request, we are required to provide specific disclosures regarding NFS's routing and execution of not held orders placed on your behalf for the preceding six (6) months.

Minimum Investment Amounts

AIC does not have any minimum investment amounts for you to access our broker-dealer accounts or services, but some of the investments we make available to you have minimum investment requirements set by the issuers of those investment products. Information regarding minimum investment requirements for a particular investment is available in that investment's prospectus or other offering document. You can request a copy of a particular investment's prospectus or other offering document from your financial professional at any time. Prospectuses will be delivered to you in connection with your purchases of investments, as and when required by applicable law.

Material Limitations

The following are material limitations on AIC and our financial professionals in regard to securities and investment strategies recommended, and services provided.

Investments Offered

AIC offers access to a wide range of investments, including stocks, bonds, options, mutual funds, closed-end funds, exchange traded

funds, unit investment trusts, real estate investment trusts, variable products, alternative investments, and other investment products. There are certain investments we do not offer. AIC does not offer all mutual funds or share classes from every single mutual fund company; all types of options; every type of exchange traded fund, unit investment trust or real estate investment trust; every type of variable product; every 529 savings plan; or every security (or securities from every company) in any other category of securities. This means our financial professionals are limited to recommending only those investments AIC is authorized to offer and we make available.

When your financial professional makes recommendations to you associated with the services described in this brochure, your financial professional is acting in the capacity of a registered representative of a broker-dealer. If your financial professional is also an investment adviser representative and he or she makes a recommendation regarding your advisory account, he or she will be acting as an investment adviser representative for such recommendations.

Account Monitoring

When AIC provides you with services in a broker-dealer capacity, our financial professionals are available to assist you with your broker-dealer accounts and investments; however, our financial professionals do not monitor your broker-dealer account(s), the investments therein (including, but not limited to, investments that our financial professionals recommend to you), or their performance, on an ongoing basis. However, your financial professional may voluntarily, and without any agreement with you, review the holdings in your account for the purposes of determining whether to provide you with a recommendation. This voluntary review is not considered to be "account monitoring" and does not create an implied agreement with you to monitor the account.

Discretionary Investment Authority

AIC's financial professionals do not make investment decisions for you or manage your broker-dealer accounts on a discretionary basis. Because our financial professionals do not have discretionary investment authority over your broker-dealer accounts, your financial professional cannot buy or sell investments in your broker-dealer accounts without first obtaining your consent. AIC's financial professionals may recommend investments to you, but you are responsible for making the decision regarding whether to purchase or sell investments. Our financial professionals will only purchase or sell investments for you when you specifically direct them to do so. Financial professionals do have limited discretion as to the time and price at which a security is purchased or sold (time and price discretion) unless you give them specific instructions. This time and price discretion is limited to the trading day in which you directed your financial professional to place the order.

Discounted Commissions

AIC is a full-service broker-dealer, not a "discount" broker-dealer. Given the wide range of broker-dealer services we and our financial professionals offer, AIC does not offer discounted brokerage commissions.

Types of Accounts

In order to receive any of AIC's broker-dealer services described above, you must first open a broker-dealer account. AIC offers access to a variety of broker-dealer account types with different features and benefits that are intended to address the different needs and objectives of our customers. When opening a broker-dealer account, you may choose from brokerage accounts held with NFS and accounts held directly with product sponsors of the securities that you purchase. AIC offers retirement and non-retirement accounts. Retirement accounts include IRAs, Roth IRAs, SEP IRAs, SIMPLE IRAs, educational IRAs, beneficiary IRAs as well as defined benefit and profit-sharing plan

accounts. Non-retirement accounts are taxable accounts and include individual accounts, joint accounts, trust accounts, transfer on death (TOD) accounts, uniform gift to minors (UGMA), uniform transfer to minor (UTMA) accounts; corporate accounts; and 529 plan accounts. Before deciding whether to open any account with AIC, discuss your account options with your financial professional to decide which account type best fits your financial goals and circumstances.

Since your financial professional is affiliated with a broker-dealer, your financial professional must comply with Regulation Best Interest and will take into consideration the types of accounts that could be offered when making the recommendation of an account that is in your best interest. Account recommendations include recommendations of securities account types generally (e.g., to open an IRA or other brokerage account), as well as recommendations to roll over or transfer assets from one type of account to another (e.g., a workplace retirement plan account to an IRA). Your financial professional will assist you in assessing account types.

Retirement Plan Rollovers

When leaving an employer, you typically have four options regarding your existing retirement plan: (1) leave the assets in the former employer's plan, if permitted, (2) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (3) roll over the assets to an Individual Retirement Account ("IRA"), or (4) take a full withdrawal in cash, which would result in ordinary income tax and a penalty tax if you are under age 59½.

If your financial professional recommends that you roll over your 401(k) or other qualified plan assets to an IRA, this rollover recommendation presents a conflict of interest because we and your financial professional would receive compensation (or an increase in current compensation) when investment recommendations are provided following your decision to roll over your plan assets.

Your financial professional will discuss your retirement plan options, including retention of your 401(k) or qualified plan assets with your current plan, if allowed. Prior to making a decision, you should carefully review the information regarding your rollover options. You are under no obligation to rollover retirement plan assets to an account with AIC.

Funding Your Account

You may fund your account by transferring cash and securities from another brokerage firm, clearing firm or custodian; depositing cash via check, wire transfer or ACH; "surrendering" an annuity or life insurance policy and transferring the resulting cash value to a new investment; selling CDs, or selling securities. When selling one investment to purchase another, you should carefully consider all fees and expenses associated with the original investment, surrender penalties, taxation, tax penalties, and costs of the new investment including holding period, costs, and features of the new investment or investment product.

If you are funding an investment by check, and the investment is purchased by completing an application, AIC may hold your check for up to seven days from the date all documents are in good order. This allows AIC time to conduct a review of the transaction and make a determination as to whether the investment is suitable and in your best interest.

If you are funding a brokerage account, or purchasing an investment by completing an application, checks must be made payable to National Financial Services, LLC or as directed by the product sponsor. You should never make checks payable to AIC, your Financial Professional, their staff members, or business owned by your Financial Professional, or our affiliated investment adviser, Ameritas Advisory Services, LLC (AAS).

Brokerage Accounts

NFS provides brokerage account services for retirement and non-retirement accounts. Retirement accounts include IRAs, Roth IRAs, SEP IRAs, SIMPLE IRAs, educational IRAs, beneficiary IRAs as well as defined benefit and profit-sharing plan accounts for which NFS provides clearing and custodial services. Non-retirement accounts are taxable accounts and include individual accounts, joint accounts, trust accounts, transfer on death (TOD) accounts, uniform gift to minors (UGMA), uniform transfer to minor (UTMA) accounts and corporate accounts.

In addition to traditional brokerage accounts, NFS offers cash management accounts with additional features for an additional fee. These cash management accounts provide ACH deposit or debit, check-writing, and debit cards. For more detailed information on cash management account fees and services, please see the NFS Brokerage Account Fee Schedule at www.ameritas.com/investments/disclosures or contact your financial professional.

Brokerage Account Fees and Costs

You will pay certain fees and costs associated with your account depending on the type of account you have. Unlike the fees related to your transactions and holdings described below, you will pay many of the fees associated with your broker-dealer account annually, although you will pay certain account-related fees on a more frequent recurring basis (e.g., monthly or quarterly) or each time you take certain actions or give AIC certain instructions with respect to your account. The specific fees and costs you will pay in connection with your accounts will vary due to the unique circumstances surrounding your accounts.

As the broker-dealer of record for your accounts with us that are custodied by NFS, we are responsible for and perform a number of broker-dealer functions and services with respect to your account and securities transactions in your account. Our responsibilities include, but are not limited to: collecting, verifying, and maintaining documentation about you and your account; approval and acceptance of your account; reviewing and supervising activities, including trading activities, within your account; reviewing and either accepting or rejecting transactions in your account; transmission of orders to NFS; supervision of all orders and accounts, including maintaining compliance with best interest standards and other regulatory requirements, as applicable; and ensuring that any mutual fund orders are in compliance with the terms of the applicable prospectus. We maintain operational, compliance, and technology resources in support of our broker-dealer operations that are necessary to provide these and other services. As a result, we generally set the brokerage service charges and account fees that we assess at amounts and rates that are higher than the related fees, costs, and expenses that we pay to NFS for related services (mark ups). AIC does not mark-up all brokerage service fees, costs and expenses. Brokerage account fees and service charges are described in the NFS Brokerage Account Fee Schedule available at www.ameritas.com/investments/disclosures or through your financial professional.

If there is not enough cash in your account to pay for these or other applicable fees when they are charged to your account, your account will go into a debit balance. To resolve a debit balance in your account, you may work with your financial professional to deposit additional cash into your account or sell securities held in your account to generate cash. If you do not take prompt action to resolve any debit balance in your account, we may take action to raise cash in your account to satisfy the total amount of your outstanding debit balance (and any fees and expenses associated with the resolution of your outstanding debit balance).

For detailed information regarding the commissions, trading/execution fees, and brokerage service charges that we establish, control, and charge to clients when serving as broker-dealer of record for accounts

held with NFS, please see the "NFS Brokerage Account Fee Schedule" available at www.ameritas.com/investments/disclosures or contact your financial professional.

Direct Sponsor Accounts

Direct Sponsor Accounts are accounts where your financial account and assets are held directly with a product sponsor such as a mutual fund company, insurance company, or alternative investment issuer. You can only purchase and hold investments offered by the specific product sponsor in these accounts. The product sponsor dictates the types of accounts that can be established, the investments you can purchase, the fees associated, and other terms and conditions related to the investment product. Direct Sponsor Accounts are available for mutual funds, variable annuities, alternative investments, variable life insurance, and 529 Plans. Please see the product sponsor's account establishment documents, prospectus, offering documents, brochures and other materials provided by the product sponsor for additional details.

Direct Sponsor Account Fees and Costs

The specific fees and costs you will pay in connection with your accounts will vary as a result of the unique circumstances surrounding your accounts such as the type of investment purchased, the product sponsor, and where the investment is custodied. Information regarding the investment and account fees can be found in the prospectus, offering documents, brochures and account opening documents and agreements for the investment you purchase.

Direct investments with a product sponsor also include commissions (or sales charges and loads) as well as on-going fees such as management fees, distribution fees, operating expenses, or mortality and expense charges built into the cost of the product. You may also be charged direct fees based on actions you take with your investments, such as deferred sales charges or redemption or surrender fees when you sell or withdraw funds from the investment. You may also be subject to custodial fees if your account is a retirement account.

Conflicts of Interest

Revenue Sharing and Conflicts of Interests

AIC, through its financial professionals, offers a variety of products and programs including, but not limited to, mutual funds, unit investment trusts, real estate investment trusts, direct participation programs, variable life insurance and variable annuity products, and retirement programs. Collectively, we refer to the companies through which these products are offered as "product sponsors" and the investments they offer are often referred to as "packaged products." Before engaging product sponsors, AIC conducts a due diligence review to determine, in part, that the product sponsors have investment products and services that are in the best interest for at least some of our clients.

In addition to sales commission, AIC receives compensation ("revenue sharing payments") from product sponsors. Revenue sharing payments are typically calculated as a percentage of sales. You do not pay more to purchase packaged products through AIC than you would pay to purchase those products through another broker-dealer. Additionally, revenue-sharing payments received by AIC are not paid to your financial professional. Nevertheless, a conflict of interest exists, in that AIC is paid more if you purchase a product from a product sponsor that makes revenue sharing payments to AIC, and your financial professional indirectly benefits from revenue sharing payments when the money is used to support costs of product review, marketing or training.

AIC holds educational conferences for its financial professionals. These conferences provide financial professionals with information on products, sales materials, customer support services, industry trends, practice management and sales ideas. Product sponsors, clearing

firms and custodians, and software providers are afforded sponsorship opportunities to market their products and services to financial professionals at these events.

Although AIC strives to put the interests of its clients first, these arrangements present conflicts of interest for AIC and its officers, directors, and financial professionals. These revenue sharing arrangements are an incentive for us to give preferential treatment to these sponsors which could influence sales of these products. For more detailed information regarding AIC's revenue sharing arrangements and related conflicts of interest, please refer to the Revenue Sharing Disclosure at www.ameritas.com/investments/disclosures or contact your financial professional.

Aside from the revenue sharing arrangements described above, AIC also has relationships with ALIC, ALIC NY, AAS, AIP and other affiliates.

When you do business with our affiliates, it creates additional revenue for our enterprise, and this creates a conflict of interest for us.

Conflicts Related to Our Clearing and Custody Relationship with NFS

In addition to the revenue sharing arrangements outlined above, AIC receives compensation from NFS in the form of monthly trading volume discounts, no-transaction fee mutual fund revenue sharing, monthly margin interest, revenue from the Bank Deposit Sweep Program, transition assistance, business development credits, and payments to offset costs of AIC's conferences and events. Revenues and payments may cease if there is a material change in AIC's business including a significant change in the composition of assets or a decrease in AIC's average assets or number of accounts. These terms are a conflict of interest for AIC to promote the establishment of accounts at NFS over accounts held in direct sponsor accounts, particularly mutual funds. Additionally, AIC has a contractual relationship with NFS which limits AIC's use of other clearing firms and custodians. This contractual relationship is a conflict of interest in that AIC is required to open all brokerage accounts with NFS.

While AIC can negotiate competitive pricing from NFS that we believe is beneficial to our clients, AIC's clearing relationship with NFS provides AIC with substantial economic benefits and compensation that would not be received if clients establish direct business accounts over brokerage accounts for certain investments. The revenue and compensation AIC receives from NFS is related to both commission-based and fee-based accounts established with NFS, unless AIC forgoes the revenue.

NFS discounts the trading fees AIC pays based on the monthly volume of trading activity in brokerage and advisory accounts. The volume discount excludes trading costs in Fidelity retail funds, NTF funds, periodic investment plans, systematic withdrawal plans, mutual fund exchanges, AIC's trades, average price trades, international trading, and any transactions in which NFS charges no clearance or charges an asset-based fee in lieu of a per trade clearance charge. AIC does not reduce trading fees paid by its financial professionals or customers when these trade volumes qualify for discounted trading fees. This discount is an incentive to AIC to promote trading in customer accounts; however AIC has policies and procedures in place to ensure trading activity is appropriate and in the best interests of its customers.

AIC participates in a NTF (No Transaction Fee) mutual fund revenue sharing program. The revenue share is calculated based on the average daily assets of participating fund positions. The payment increases on a tiered basis as the average aggregate balance increases. If NFS does not receive a payment from the fund company, NFS will not pay on that position. Since not all mutual funds generate a payment to AIC, there is a conflict in the recommendation of these funds and their status in the NTF Revenue Sharing Program, because AIC will earn additional revenue when NTF funds are recommended.

Mutual funds share classes in the NTF Program generally have higher internal expenses and, as such, are more expensive than other available mutual fund share classes outside the NTF Program. In addition, different share classes of the same mutual fund can be part of the NTF program, while another share class of the same mutual fund is not. These differences in costs and internal fund expenses are a conflict of interest for AIC, as we have an incentive to recommend NTF funds over transaction fee funds.

AIC earns a monthly distribution fee on all Fidelity Money Market Sweep Fund balances (including qualified retirement plans) at an annualized rate of the average net assets (calculated daily) of its customers beneficially owning shares in the following Fidelity Money Market Sweep Fund portfolios (Prime Fund, Tax-Exempt Fund, and Treasury Fund).

NFS pays AIC a transaction fee on each transaction fee mutual fund position ("TF Fund") held in client accounts ("TF Fund Payments Revenue Sharing Program"). The payment per TF Fund held in client accounts increases on a tiered basis as the number of positions increases. If NFS does not receive a per position or asset-based payment from the TF Fund, NFS will not pay AIC on the TF Fund position. Since not all mutual funds generate a payment to AIC, there is a conflict to AIC in the recommendation of funds and their status in the TF Revenue Sharing Program. TF mutual funds have a required transaction fee you will pay instead of a sales load. All other fees and expenses described in a fund's prospectus still apply.

NFS will credit AIC with 100% of customers' margin interest income in excess of the National Financial Base Lending Rate ("NFBLR") plus 0.25%. Customers' accounts not electing a sweep option will be eligible for credit interest. NFS will pay AIC 80% of the National Financial Credit Rate ("NFC") less any amounts credited to customers' accounts.

When you open a brokerage account through NFS, each eligible brokerage account has an associated core account to hold cash, balances waiting to be reinvested from the sales of securities, deposits, dividends, interest payments and other activities. For eligible accounts, the default core account investment vehicle will be the Bank Deposit Sweep Program ("BDSP"). If your account is not eligible for the Bank Deposit Sweep Program and you do not select another cash sweep account investment vehicle, your cash sweep investment vehicle will be invested in a non-interest bearing cash account. Money market sweep options are available, however they may be subject to transaction fees.

NFS receives revenue from each bank ("Program Bank") participating in the BDSP based on the average daily deposits held at the Program Banks. This revenue is then shared with AIC and, from this revenue, AIC will pay interest to customers who participate in the BDSP. AIC's revenue share in the BDSP is equal to a percentage of the Targeted Fed Funds (TFF) Rate and increases as the TFF increases. The interest rate paid to customers is the same for all accounts and account types, is determined by AIC, and is subject to change. Program Banks pay a rate for Program Deposits to NFS that is higher than the rate received by you, and the difference is the fee retained by AIC and NFS for administering the BDSP and related services. The fees retained by AIC and NFS can be a higher percentage of the interest than what is credited to customer accounts. Additional disclosures, rates and a list of BDSP Participating banks can be found on our website at www.ameritas.com/investments/disclosures or obtained from your financial professional. We encourage you to review these documents carefully.

The revenue generated through the BDSP may be greater than revenues generated by sweep options at other brokerage firms and may be greater than other core account investment vehicles currently available to you or possible core account investment vehicles that we have used in the past or may consider using in the future. This revenue is not shared with your financial professional.

NFS will credit AIC a portion of the fees and costs customers incur from transferring accounts from other clearing firms to NFS. Similarly, NFS will issue credits to AIC for accounts that are already on the NFS platform that transition to AIC. AIC receives a higher payment for assets transitioning from other clearing firms.

NFS pays AIC annual business development credits to support AIC's business operations. NFS provides a sponsorship credit to offset costs of AIC's conferences and educational events. To further support AIC's business, NFS waives any user fees to access its trading platform and back-office systems.

AIC also charges fees associated with your brokerage accounts, some of which it marks up, and others are a direct pass through from NFS. If you elect to receive paper account statements for your account at NFS, AIC charges you a quarterly delivery fee of \$2.00 for each account statement and \$6.00 for paper confirmations for each transaction to compensate us for the services we provide and reimburse us for the expenses we incur, unless disallowed pursuant to state regulations. Clients that opt for electronic delivery will not be charged statement or confirmation delivery fees. You will also pay other brokerage account charges and activity fees ("rebillable fees") such as legal transfer fees, check fees, transfer fees, and cash management fees. Account activity fees are subject to change without notice. For more information about NFS brokerage account fees, see the NFS Brokerage Account Fee Schedule available at www.ameritas.com/investments/disclosures or through your financial professional.

AIC also retains net profits that result from the correction of trade errors. All losses incurred by customers, due to errors, will be removed from either the financial professional's compensation or AIC's revenues, depending on the cause of the error.

Principal Trading

AIC is a municipal securities dealer, municipal securities adviser, and underwriter for municipal securities offerings primarily in the state of Nebraska. AIC participates in principal trading primarily with its municipal securities offerings by selling these investments for or from our own accounts. AIC's receipt of fees and commissions in connection with these activities is a conflict of interest because we will earn more money on fixed income securities where we act as principal than if we do not.

Proprietary Products

Ameritas Life Insurance Corp. ("ALIC") has direct 100% ownership of AIC and AAS. AIC is the distributor and lead underwriter for variable insurance products issued by ALIC. As a result of this ownership, AIC and its financial professionals are incentivized to offer ALIC products. The conflicts of interest outlined in this section create an incentive to recommend proprietary products.

In its role as lead underwriter, AIC receives a distributor fee for these services if the variable annuity or variable insurance policy is sold on a commission basis. If you invest in a fee based variable annuity or variable insurance policy, ALIC pays AIC for serving as underwriter from its assets or surpluses in its general account rather than through a premium load deducted from your policy cash value. Additional information regarding distribution of ALIC products may be found in the product prospectus available from ALIC or your financial professional.

If an AIC financial professional is licensed as a registered representative of AIC and appointed as a life insurance agent with ALIC, he or she may recommend variable insurance products issued by ALIC, which AIC distributes. Because AIC plays several roles in these transactions, this creates conflicts of interest. For example, if you purchase a variable insurance product issued by ALIC, the product will be sold through AIC, and AIC as well as the financial professional, will receive compensation from those sales.

Certain AIC financial professionals may receive a higher commission rate on proprietary variable universal life insurance products, when compared to the majority of AIC financial professionals, due to their longstanding history of production with ALIC.

In addition to securities commissions, FPs who are appointed as agents of ALIC are eligible to receive bonus compensation, free or discounted services, and other forms of compensation for the sale of ALIC fixed insurance products as permitted by law. These benefits and compensation present a conflict of interest for our financial professionals when recommending ALIC insurance products, including insurance products distributed and underwritten by AIC.

AIC has additional conflicts of interest if you purchase an ALIC variable annuity or variable life insurance policy, and your financial professional recommends that you select Calvert Portfolios, as investment options within the contract or policy. Ameritas Investment Partners ("AIP"), an affiliate of AIC, is the sub-adviser for certain Calvert Portfolios and receives a fee for these services.

Financial professionals receive production incentives from us, AAS, and/or ALIC as a result of reaching certain levels of sales (and/or assets under management, if a financial professional is affiliated with AAS). Such production incentives can include attendance at our incentive and educational conferences and events, medical, dental, life insurance, HSA plans, 401(k) matches, as well as contributory and non-contributory deferred compensation plans. These production incentives create a conflict of interest for us and our financial professionals to recommend certain affiliated programs and proprietary products.

Conflicts Related to AEI Capital Corporation

A conflict of interest exists regarding AIC, AEI Capital Corporation ("AEI"), AIP, and ALIC, the parent company of AIC, and AIC customers purchasing certain AEI products.

AIC, ALIC, and AIP may be subject to competing interests that have the potential to influence their decision making regarding AEI products.

ALIC and AEI formed NLP Funding LLC ("NLP") in order to provide a revolving credit facility ("Credit Facility") to one or more intermediate tier limited liability company depositor entities (each a "DST Depositor") which have and shall be formed to acquire commercial real estate properties that will be contributed to and held by one or more Delaware Statutory Trusts (each a "DST"). NLP's funding is structured with ALIC and AEI contributing the capital necessary to fund the Credit Facility. Under the Credit Facility, NLP receives principal and interest payments in addition to a repayment fee from each DST Depositor, and, in turn, NLP distributes monies to AEI and ALIC.

Certain investment products issued and distributed by AEI and its affiliates include beneficial interests in the DSTs. When financial professionals of AIC sell such DST interests on a commission basis, there is a conflict of interest because AIC financial professionals may be influenced to recommend AEI products when AIC's parent company receives principal and interest payments from NLP which, in part, are the indirect result of DST interest purchases made by AIC customers.

Your Financial Professional's Relationship with Us

Your financial professional receives compensation from us each time you trade in your brokerage account or make a new investment in a direct business account with a product sponsor. This payment is called a commission, but can also be referred to as a sales charge, sales load or markup. In a commission-based relationship, your financial professional has an incentive to encourage you to buy and sell investments more frequently to increase the compensation he or she will receive.

You may also have an investment advisory relationship with your financial professional. If you have an investment advisory relationship, fees are ongoing. The fees you pay your financial professional are

negotiable and depend upon the complexity of your financial situation, the investment services to be provided, the experience and standard fees charged by your financial professional, and the nature and total dollar value of assets maintained in your account.

Your financial professional receives a portion of the commissions and/or fees you pay. The portion of the compensation received by your financial professional may be more or less than what he or she would receive at another firm. This compensation includes bonuses, awards or other things of value offered to your financial professional. We pay our financial professionals in different ways, for example: payments based on production, reimbursement or credits of fees that financial professional's pay us for items such as administrative services, or technology, and attendance at our conferences and events.

AIC and AAS also offer your financial professional one or more forms of financial benefits based on your financial professional's total commission-based accounts held at AIC or in AAS advisory accounts held at NFS and/or for transitioning from another firm to AIC and/or AAS. The types of financial benefits your financial professional receives from AIC/AAS include, but may not be limited to, forgivable or unforfeitable loans provided at below-market rates; bonuses for meeting certain predetermined production benchmarks; increased payouts; and discounts or waivers on transaction fees, platform fees, technology fees, administrative fees, and brokerage account fees. AIC and AAS may also reimburse expenses incurred by financial professionals for services and products used to operate and/or market their services. These products and services include but are not limited to texting solutions, marketing services, website vendors, web-based conferencing tools, and consulting. These products and services are made available as part of a financial professional's affiliation with AIC and/or AAS or based on predetermined production benchmarks or assets under management.

AIC and AAS provide some financial professionals with one-time payments, bonuses, or forgivable loans to assist in the expense associated in growing their business. The payments, bonuses, and loans are based on certain criteria related to increasing the number of commission-based accounts or the amount of client assets invested in AAS advisory programs on the NFS custodial platform. AIC and AAS may vary the amount of the payment, bonus, and/or loan based on the type of business conducted. For example, AIC and AAS will generally provide a higher loan amount for advisory business on the NFS custodial platform than on broker-dealer or commission-based business. The provision of these payments, bonuses, or loans creates a conflict for the financial professional as they have an incentive to recommend transitioning accounts to NFS rather than holding them directly with a product sponsor or AAS advisory programs over other programs or services offered by AAS in order to receive payment and/or not repay the forgivable loan.

We also charge financial professionals various fees under their independent contractor agreement, for example, for administrative, custody and clearing services to accounts, technology, and licensing. These fees and compensation may be based on the financial professional's overall business production. When compensation or fees charged is based on the level of production of a financial professional, the financial professional has a financial incentive to meet those production levels. The amount of this compensation could be more, and the amount of these fees charged by us could be less, than what the financial professional would receive, or pay, if he or she associated with another broker-dealer firm.

We may also provide various benefits and/or payments to financial professionals that are newly associated with us to assist the financial professional with the costs (including foregone revenues during account transition) associated with transitioning his or her business to our firm (collectively referred to as "Transition Assistance"). The amount of

the Transition Assistance payments is often significant in relation to the overall revenue earned or compensation received by the financial professional at his or her prior firm. These payments are commonly in the form of forgivable loans that are reduced over a multiyear term subject to continued affiliation with AIC and/or AAS and based on the amount of total assets they manage or are held at NFS as of a milestone date. In addition, we will provide additional financial incentives to financial professionals which may be paid immediately or over time. Additional financial incentives are generally dependent upon the financial professional meeting certain predetermined production and/or assets under management benchmarks. These financial benefits, which can be significant to a financial professional, present a conflict of interest because they provide a financial incentive for your financial professional to select or maintain a business relationship with AIC as a broker-dealer, AAS as an investment adviser, or service and support provider for your accounts over other firms that may not provide your financial professional similar financial benefits. They also provide a financial incentive for your financial professional to recommend that a client open and maintain accounts with AIC and its clearing firm NFS and/or use AAS advisory programs custodied with NFS over other programs available through AAS. We manage this conflict of interest by supervising the suitability of recommendations made by our financial professionals in accordance with applicable regulatory requirements.

The receipt of Transition Assistance creates a conflict of interest in that a financial professional has a financial incentive to recommend that a client open and maintain an account with the financial professional for advisory and/or brokerage services in order to receive the Transition Assistance benefit or payment. If the amount of the loan or grant exceeds the cost of transition, the recipient may use the remaining funds for other purposes, such as normal operating costs, satisfying any debt owed to the financial professional's prior firm or offsetting the foregone revenues during the account transition process. AIC and AAS do not require, nor do they verify, that any such transition payments or loans are used for transition costs.

We attempt to mitigate these conflicts of interest by evaluating and recommending that clients use AIC's and AAS's services based on the benefits such services provide to clients, rather than the Transition Assistance earned by the financial professional. However, clients should be aware of this conflict and take it into consideration when deciding whether to establish or maintain a relationship with AIC or AAS.

Subject to certain qualifications and restrictions, AIC and/or AAS will make payments to affiliated financial professionals for referrals of unaffiliated financial professionals. For each qualified referred financial professional who affiliates with AIC and/or AAS, the referring financial professional will receive a one-time referral payment in an amount determined by AIC and/or AAS and a percentage of the referred financial professional's first 12 months of fees and/or commissions earned by the referred financial professional. AIC and/or AAS are responsible for these payments and the payments to the financial professional are not a portion of the fees and/or commissions you pay.

Financial professionals receive compensation by the products they sell and services they offer. As the financial professional sells products and services, their compensation can increase or decrease in any given year. AIC has established a payout grid which illustrates the level of compensation a financial professional will receive. The more they sell the higher their compensation and the less they sell the lower their compensation. This creates an incentive for your financial professional to sell more products to achieve a higher payout. You are encouraged to speak with your financial professional regarding their compensation and review more information about the "How Financial Professionals Get Paid / Compensation Grid Description" at www.ameritas.com/investments/disclosures.

Financial professionals are also eligible to receive reimbursements, marketing and distribution allowances, due diligence fees, or other compensation based on sales directly from product sponsors for the costs of marketing, distribution, business and client development, educational enhancement, and/or due diligence reviews incurred by financial professionals relating to the promotion or distribution of the services. Because a financial professional can receive such additional compensation, a conflict of interest exists. To mitigate this conflict, we require our financial professionals to submit receipts for all expenses for which reimbursement is requested. All such reimbursements must be approved by and paid through the firm.

Financial Professionals' Other Business Activities

Our financial professionals may also have other outside business activities separate from AIC for which they also receive compensation. These activities are not considered a conflict of interest on their own but may be in some cases. Customers should be aware that these situations can exist. For example, a financial professional could conduct these activities during normal business hours, which could take away time from servicing retail customers or otherwise affect their obligations to you. A financial professional may also receive more compensation from his or her outside business than through his or her relationship with AIC and/or AAS. Examples of such activities include tax preparation, insurance, real estate sales, and/or attorney services for which they also receive compensation.

Financial professionals must obtain prior approval to participate in outside business activities. To obtain information about your financial professional's outside business activities and to see if they may present conflicts of interest, please visit <https://brokercheck.finra.org/>, search for your financial professional's name, then review the "Detailed Report." We encourage you to speak with your financial professional regarding any other activities.

Methods of Analysis, Investment Strategies

Each financial professional has the independence to take the approach that he or she believes is most appropriate when analyzing investment products and strategies for clients. The financial professional chooses his or her own research methods, investment style and philosophy. When developing recommendations for you, financial professionals compare your financial goals with your investment risk tolerance and the risk and potential return of a specific investment. Financial professionals have wide latitude in designing investment strategies. You should ask your financial professional about their specific approach.

Investing involves risks that investors should be sure they understand and should be prepared to bear. No investment strategy will guarantee a profit or prevent losses. There are a few common approaches that our financial professionals may use in the course of providing recommendations to clients as described below:

- **Asset Allocation:** An investment strategy that aims to balance risk and reward by allocating assets among a variety of asset classes. At a high level, there are three main asset classes—equities (stocks), fixed income (bonds), and cash or cash equivalents—each of which have different risk and rewards. Asset classes are further divided into domestic and foreign investments with equities divided into small, mid and large capitalization. Bonds have varying durations and credit quality. By diversifying a portfolio amongst a wide range of asset classes, investors seek to reduce (but not eliminate) the overall risk of a portfolio through avoiding overexposure to any one asset class during various market cycles.
- **Fundamental Analysis:** A method of evaluating a security that involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the

company's management, and the outlook for the company's industry. The resulting data is used to measure what is deemed to be the true value of the company's stock compared to the current market value. The end goal of performing fundamental analysis is to produce a value that an investor can compare to the security's current price and determine whether the security is over or under priced.

- **Technical Analysis:** A method of evaluating securities by studying past price patterns and trends in the financial markets to predict the direction of the overall market, specific stocks or both. Technical analysts do not attempt to measure a security's intrinsic value. Instead, they use charges and other tools to identify patterns that suggest future activity. When looking at individual equities, a person using technical analysis generally believes that performance of the stock, rather than performance of the company itself, has more to do with a company's future stock price.
- **Cyclical Analysis:** A type of technical analysis that involves evaluating recurring price patterns and trends with the goal of buying or selling securities based upon expected price movements or "market timing." The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

General Investment Risks

As mentioned above, regardless of the strategy or analysis used, all investments carry the risk of loss including the loss of principal invested. Some risks may be avoided or mitigated, while others are completely unavoidable. AIC believes it is important for you to understand the risks associated with each recommendation and investment type available. The following is a summary of some of the general risks associated with investing. Please note this list is not exhaustive and is provided as an indication of some of the factors that can impact the value of your investments. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed below. Your investments are not bank deposits, are not insured, or guaranteed by any governmental agency, entity, or person, unless otherwise noted and, as such, may lose value, including loss of the entire principal amount.

You are encouraged to consult your financial professional, legal counsel and tax professional on an initial and continuous basis in connection with selecting and engaging in the services provided by us.

Alternative Investment Product Risk

An alternative investment is an investment that is not one of the three traditional asset types (stocks, bonds, and cash). Alternative investments include interval funds, 1031 exchange programs, traded business development companies, traded and non-traded real estate investment trusts, oil and gas programs, and private placement securities. Alternative Investments may have complex terms and features that are not easily understood and are not suitable for all investors. Risks that may be associated with alternative investments include: 1) Leverage — Leverage may enhance a product's returns in up markets but exacerbate returns in a bad market. Some firms with leverage inherent in their portfolios may experience "margin call" types of actions in the event of liquidity dry-ups or if certain counterparties cannot provide the leverage needed. 2) Shorting — Certain securities may be difficult to sell short at the price that the manager would wish to execute a trade. A short position may have the possibility of an infinite loss if a security continues to go up in price and the manager does not cover. 3) Security valuation — Certain securities such as derivatives or thinly traded stocks, bonds or swaps, private investments, real estate

and loans, may be priced using a "fair value" which may not represent the actual value of the investment or be difficult to value due to a limited volume of trades. High Bid/Ask spreads or the lack of another buyer/seller to take the opposite position of a thinly traded security could cause inaccurate estimates in underlying security valuation by the administrator. 4) Liquidity – Certain securities may not have a market in which the money manager can trade the security quickly in case of fund redemptions or to invest in new opportunities. 5) Nightly reconciliation – The use of thinly traded or illiquid securities, shorting and leverage may make it difficult for some alternative funds, based on their investment strategy, to provide accurate nightly NAVs for the mutual fund.

American Depository Receipts (ADRs)

Positions in these securities are not necessarily denominated in the same currency as the common stocks into which they may be converted. ADRs are receipts typically issued by an American bank or trust company evidencing ownership of the underlying securities. Generally, ADRs, in registered form, are designed for the U.S. securities markets. An account may invest in sponsored or unsponsored ADRs. In the case of an unsponsored ADR, shareholders are likely to bear their proportionate share of the expenses of the depository and they may have greater difficulty in receiving shareholder communications than they would have with a sponsored ADR.

Brokered CD Risks

Brokered CDs differ from traditional CDs purchased directly from your bank and held as a bank deposit, in that brokered CDs may have longer holding periods, may be more complex, may have different features and fees, and carry more risk. Although most brokered CDs are bank products, some may be securities and won't be FDIC insured. Unlike a traditional CD, brokered CDs must be sold in the secondary market which may be quite limited. If you need to liquidate your brokered CD before it matures, the CD may be worth less than your initial investment particularly if current interest rates are higher than the CD you currently own. Some brokered CDs are callable and may be called by the issuer if interest rates go down. Make sure you understand the fees, features, and risks of the brokered CD you are considering.

Business Risk

This is the risk that the strength of the company you are buying a piece of ownership in (a stock, for example) or are loaning money to (a bond, for example) affects your potential returns. Your returns from the stock purchase or bond purchase are influenced by factors like the company going out of business, going into bankruptcy, or having a viable and strong revenue stream from the products or services it sells that is not over-shadowed by expenses. If a company goes bankrupt and its assets are liquidated, common stockholders are the last in line to share in the proceeds.

Call Risk

This is the risk that your bond or other fixed-income investment will be called or purchased back from you when conditions are favorable to the product issuer and unfavorable to you.

Concentration Risk

This is the risk of loss because your money is concentrated in one investment or type of investment. When you diversify your investments, you spread the risk over different types of investments, industries and geographic locations.

Credit Risk

This is the risk that the government entity or company that issued the investment will run into financial difficulties and won't be able to pay the interest or repay the principal of a bond at maturity. Credit risk applies to debt investments such as municipal bonds, agency bonds, and corporate bonds. You can evaluate credit risk by looking at the

credit rating of the bond or the issuer. For example, long-term U.S. government bonds currently have a credit rating of AAA, which indicates the lowest possible credit risk.

Currency Risk

This is the risk of losing money because of a movement in the exchange rate. For example, if the U.S. dollar becomes less valuable relative to the Canadian dollar, your U.S. stocks will be worth less in Canadian dollars. This applies when you own foreign investments.

Default Risk

This is the risk that a bond or other fixed-income investment issuer is unable to pay the contractual interest or principal in a timely manner or at all.

ESG Investment Risk

ESG stands for environmental, social and corporate governance practices of publicly traded companies. Environmental criteria gauge how a company safeguards the environment. Social criteria examine how a company manages relationships with employees, suppliers, customers, and communities. Governance measures a company's leadership, executive pay, audits, internal controls, and shareholder rights. Investment strategies, mutual funds, and ETFs that focus on ESG practices of corporations in evaluating investments are subjective and may be defined in different ways by different funds and fund managers. A portfolio manager's ESG practices may significantly influence performance causing performance to be higher or lower than the overall market or comparable funds of strategies that do not employ ESG practices.

ETF Risk

ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track ("tracking error") because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the future for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depository Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate. An ETF typically includes embedded expenses that reduce the fund's net asset value and therefore directly affect the fund's performance, a client's portfolio performance and index benchmark comparison. Expenses of the fund generally include investment adviser management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses can change from time to time at the sole discretion of the ETF issuer. ETF tracking errors and expenses may vary.

Financial Risk

Excessive borrowing to finance a business's operations increases the uncertainty of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Foreign and Emerging Markets Investment Risk

Investments in these types of securities have considerable risks. Risks associated with investing in foreign securities include fluctuations in the exchange rates of foreign currencies that may affect the U.S. dollar value of a security, the possibility of substantial price volatility

as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in the U.S. markets.

High Yield Fixed Income Securities Risk

Investments in high-yielding, non-investment grade bonds (often referred to as “Junk Bonds”) involve higher risk than investment grade bonds. Adverse conditions may affect the issuer’s ability to make timely interest and principal payments on these securities.

Horizon Risk

This is the risk that your investment time horizon may be shortened due to a foreseen or unforeseen event, thus requiring you to sell the investment(s) that you were expecting to hold for a longer term. If you must sell at a time when the markets are down, you may lose money.

Inflation Risk

Inflation risk, also called purchasing power risk, is the chance that the cash generated by an investment today won’t be worth as much in the future. Changes in purchasing power due to inflation may cause inflation risk. Conservative investments such as cash, money market funds, and government bonds are examples of investments that are subject to inflation risk.

Interest Rate Risk

This is a risk that can affect the value of bonds or other fixed-income investments you may purchase. When interest rates rise, yields on existing bonds become less attractive, causing the market value of bonds to fall. When interest rates fall, the bonds you hold may have more attractive yield, causing their market value to rise.

Interval Fund Risks

Interval funds may expose investors to liquidity risk. While an interval fund periodically offers to repurchase a portion of its securities, there is no guarantee that investors may sell their shares at any given time or in the desired amount. Moreover, if an interval fund invests in companies with smaller market capitalizations, derivatives or securities that entail significant market or credit risk, the liquidity risk may be greater.

Liquidity Risk

Liquidity risk arises when an investment is not easy to sell. Illiquid securities (difficult or impossible to sell, or subject to liquidation penalties) should not be purchased with funds you may need for short term needs or expenses. Illiquid securities are intended to be held for extended (more than 10 years) or indefinite periods such as may be the case with annuities, non-traded REITs, and private placement securities. Stocks with limited trading activity are also subject to liquidity risk.

Margin Risk

Securities transactions in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan, inherently have more risk than cash purchases. If the value of the shares drops sufficiently, the investor will be required to deposit more cash into the account or sell a portion of the stock to maintain the margin requirements of the account. This is known as a “margin call.” An investor’s overall risk in accounts using margin includes the amount of money invested plus the amount loaned to them.

Market Risk

This is the risk that the stock market will decline, decreasing the value of the securities owned. Investment values may fall for a variety of reasons, including economic, political, social, financial, widespread business continuity events (e.g., natural disasters, pandemics, etc.) and issuer-based factors, causing prices of stocks, bonds, and other investments to fall. Stock market bubbles and crashes are good examples of heightened

market risk. You can’t eliminate market risk; however, you may be able to minimize the impact through diversification.

Money Market Funds Risk

An investment in a money market mutual fund, unlike bank deposits, is not insured or guaranteed by the FDIC or any other governmental agency, and it is possible to lose money by investing in a money market mutual fund. Money market mutual funds are covered by SIPC, which protects against custodial risk (however, not a decline in market value) when a brokerage firm fails by replacing missing securities and cash up to a limit of \$500,000 or which \$250,000 may be cash.

Options Risk

This is the risk of the option holder losing the entire amount paid for the option in a relatively short period of time, reflecting the nature of the option as a wasting asset becoming worthless when it expires. If you don’t sell an option in the secondary market or exercise it prior to expiration, you will lose your entire investment in the option. Options and option strategies involve varying degrees of risk and are not suitable for all investors.

Political and Government Risk

This is the risk that the value of your investment will be affected by the introduction of new laws or regulations, particularly with changes in administrations.

Portfolio Turnover Risk

This is the risk of active and frequent trading of securities and financial instruments in a portfolio. This can result in increased transaction costs, brokerage commissions, fees, and other transaction costs. Frequent trading may likely result in short-term capital gains tax treatment. As a result of portfolio turnover, the performance of the portfolio can be adversely impacted.

Real Estate Risk

Investments that invest in real estate are subject to market and economic risks and can be particularly vulnerable in economic downturns. The value of real estate is subjective and includes various assumptions including revenues and expenses, lease agreements, vacancies, and other factors. Investments in real estate are not readily liquid, and as such should be considered long-term investments.

Regulatory Risk

This is the risk that changes in law and regulations from any government or governmental agencies can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.

Reinvestment Risk

This is the risk of loss from reinvesting principal or income at a lower interest rate.

Short Sale Risk

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 and are highly speculative.

Small/Mid Cap Stock Risk

Stocks of small or mid-sized companies may have less liquidity than those of larger, established companies and may be subject to greater price volatility and risk than the overall stock market.

Structured Products Risk

Structured products are securities derived from another asset such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency and are generally issued by investment banks. Structured products frequently limit the upside participation in the performance of the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the structured product and information regarding independent market pricing for structured products may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.

The above list of general risk factors is not a complete list or explanation of the risks involved in an investment strategy or a particular security. You are encouraged to consult your financial professional, legal counsel and tax professional on an initial and continuous basis in connection with selecting and engaging in the services provided by us. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed above. Your investments are not bank deposits, are not insured, or guaranteed by any governmental agency, entity, or person, unless otherwise noted and, as such, may lose value, including loss of entire principal amount.

Product Type Descriptions, Fees and Costs

Fees and Costs Associated with Transactions and Holdings

We are paid each time you trade in your broker-dealer account or make a new investment where a transaction charge is assessed. This payment is typically called a "commission," but it may also be called a "sales charge," "sales load" or a "markup." The commission rates and amounts that AIC and our financial professionals receive vary depending upon the investment type, specific investment, share class, and size or amount of the transaction. Commissions and brokerage trading and execution fees are a significant source of revenue and profit for AIC and our financial professionals. AIC and our financial professionals have a conflict of interest given our financial incentive to 1) recommend that you engage us as your broker-dealer (instead of other available broker-dealers) which enables us to receive, and in certain circumstances establish and control, these commissions and fees; 2) where possible, exercise discretion to set the amounts and rates of these fees at levels that generate the highest possible revenue and profit to AIC which will result in correspondingly higher expenses for you; 3) recommend specific investment categories, investments, share classes, transactions, and other activities that result in our receipt of the highest rate and amount of these fees, rather than other available investment categories, investments, share classes, transactions, and activities that generate relatively lower or no fees for us and would result in correspondingly lower expenses for you; and 4) recommend that you frequently transact in investment categories, investments, and

share classes, and frequently engage in transactions and activities, that generate the highest rate and amount of these fees for AIC.

In addition, investments that are interests in investment funds, including mutual funds, closed-end funds, ETFs, and UITs, or investment products, including 529 education savings plans, alternative investments, and variable products, bear ongoing fees and expenses that are embedded into the cost of the investment. You pay these ongoing fees and expenses indirectly because they are factored into the cost of the investment. More information about ongoing fees and expenses associated with investment funds and products is available in the investment fund's or product's prospectus or other offering document.

You can request a copy of a particular investment's prospectus, private placement memorandum or other offering document from your financial professional at any time. Prospectuses, private placement memorandums or other offering documents will be delivered to you in connection with your purchases of investments as and when required by law.

Fees and costs vary among investments. AIC has provided below a general overview of fee and cost information for the transactions typically conducted and investments typically held by AIC's retail customers. To determine the specific fees and costs you will pay in connection with your particular transactions and holdings, you should refer to AIC's "How Financial Professionals Get Paid / Compensation Grid Description" document and "NFS Brokerage Account Fee Schedule" available at www.ameritas.com/investments/disclosures, the account opening agreements and other documentation for your particular accounts, and the current prospectus or other offering document for the particular security involved in your transaction. You should discuss those materials and address any questions you may have with your financial professional.

Equities

Characteristics: We offer a wide range of equity securities, like stocks, which give stockholders a share of ownership in a company. Equity securities are often 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's stock. As part of this evaluation, it is important to carefully review the company's public disclosure documents, such as its initial registration statement and prospectus in the case of an initial public offering, or its most recent audited financial statement in the case of a secondary market transaction. Stocks in public companies are registered with the SEC, and public companies generally are required to file reports with the SEC annually, quarterly, and as material events occur with respect to their businesses. You may access public companies' disclosure documents and reports by searching for the company's name in the SEC's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) database, which can be accessed on the SEC's website at www.sec.gov.

Fees and Costs: Buying and selling equity securities, like 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 and the transaction fee you pay for placing the trade. The commission you pay is based on the principal amount of your purchase, with smaller amounts paying a higher rate, of up to 4%. Your financial professional may charge a lesser amount. The commission compensates your financial professional for their research and personalized recommendations. This amount is in addition to the transaction fee you pay when you buy or sell the security. Transaction fees are disclosed to you at the time you establish an account in the NFS Brokerage Account Fee Schedule. These transaction fees are subject to change without notice. You can review the current fee schedule on our website at www.ameritas.com/investments/disclosures or request a copy from your financial professional. We are not a

“discount” broker-dealer. Discount broker-dealers generally offer lower commission rates.

Bonds

Characteristics: AIC offers 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. 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. More information describing a specific bond's features and risks is available in the bond's offering document. More information about bonds in general, including pricing and issuer credit ratings, is available on FINRA's website at www.finra.org. In addition, more information about municipal bonds is available on the Municipal Securities Rulemaking Board's (MSRB) website at www.msrb.org.

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 (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 (return) as a result of paying more than the face value. Bond prices typically have an inverse relationship with bond interest yields (e.g., as interest rates rise, bond prices fall, and as interest rates fall, bond prices increase). 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: Buying and selling bonds entails fees. You will typically pay a “markup” as a transaction cost to the selling broker-dealer when you buy a bond, as most bonds are traded on a principal (dealer) basis in the over the counter (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 selling you the bond marks up the price which is at the discretion of the broker-dealer and generally no more than 4%. When you buy bonds through a broker-dealer on the secondary market, the bonds will have price markups. The markup 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. The amount of a markup/markdown charged on a bond transaction will depend on several 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.

With new issues of bonds, the broker-dealer's markup generally is included in the par value. Everyone who buys a new issue pays the same price, known as the offering price. The offering document for the new issue bond describes the bond's features and risks.

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). The mark down is at the discretion of the broker-dealer and generally no more than 4%. This is how broker-dealers are compensated for maintaining an active secondary market. Part of the profit earned by the clearing firm in marking up and marking down bond prices is shared with us for acting as the introducing broker-dealer on the transactions. Markups and mark downs are in addition to transaction fees we charge when you buy or sell a bond.

Options

Characteristics: We offer option contracts for you to buy or sell. Options are contracts that give you the right, but not the obligation, to buy or sell an underlying asset at a fixed price within a certain period of time. Various exchanges operating in the United States offer public trading markets where different types of options are bought and sold, such as equity, index, and interest rate options. More information describing options in general is available in the “Characteristics & Risks of Standardized Options,” also known as the options disclosure document. The options disclosure document contains required disclosure of the characteristics and risks of standardized option contracts and is available at www.theocc.com. You will receive a copy of the options disclosure document at the time your account is approved for options trading.

An option contract that gives you the right to buy the underlying asset is referred to as a “call” option, and an option contract that gives you the right to sell the underlying asset is referred to as a “put” option. Most options have certain standardized terms that indicate the nature and amount of the underlying asset, the expiration date, the exercise price, and whether the option is a call or put. Many securities that are publicly traded in the United States have put or call options contracts, which are available for trading on an exchange in the United States. Equity options, for example, are designated by reference to the issuer of the underlying security, the expiration month or expiration date of the option, and the option's exercise price and type (put or call). It is important to understand the process for exercising your rights as the holder of an option contract. You should discuss this process and address any questions you may have with your financial professional.

Not all options strategies are available through all financial professionals, nor are all clients approved for options trading. Those clients approved for options trading are generally not approved for all options trading strategies, and we limit the options strategies we make available to clients. Options for commissionable accounts may only be traded at our clearing firm, NFS.

Fees and Costs: Buying, selling, and exercising options entails fees. You will typically pay a commission every time you buy or sell an option contract. The commission you pay is based on the principal amount of the contracts you purchase, with smaller amounts paying a higher rate, of up to 4%. Your financial professional may charge a lesser amount. You will pay this commission whether you choose to exercise the option to buy or sell the underlying asset. The premium is not a standardized term of the option contract. This commission is a one-time fee that varies based upon the number of option contracts you trade. The premium does not constitute a “down payment.” The premium is a non-refundable payment and is in addition to the commission and the transaction fees we charge.

Mutual Funds

Characteristics: We offer a wide range of mutual funds from many different mutual fund companies but do not offer every mutual fund or every share class of every mutual fund available. 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 at the end of the trading day.

It is important for you to read a mutual fund's prospectus carefully before investing in that mutual fund. The prospectus will be delivered to you in connection with your mutual fund purchases as and when required by law. 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 your risk tolerance and time horizon, the mutual fund's investment objective, the underlying securities in the fund, 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 and share class. While past performance of a mutual fund is not indicative of future results, a mutual fund's long-term track record, the portfolio manager's experience and qualifications and the fund's underlying fees are some important factors to consider before investing in a mutual fund.

We do not offer every mutual fund or every share class of every mutual fund commercially available. Similarly, we do not offer every share class of the funds we do make available. To the extent you open a brokerage account at NFS, you are limited to the products we make available through NFS. To the extent you open a direct mutual fund account, you are limited to the funds offered by the fund company and whether AIC has entered into an agreement with the fund company to sell their products.

Most mutual funds offer multiple share classes, which represent the same underlying investments but have differing fees and expenses for distribution and shareholder services. You may pay either a sales charge or load when you buy shares of a mutual fund or a contingent deferred sales charge if you sell your shares before a specific date. Though there are many different types of mutual fund share classes the most common share classes available to you are Class A, Class B, Class C, and Class R shares which are described below. Each share class and mutual fund typically have different sales charges, fees and costs. Fund performance results will differ as those fees and expenses reduce performance across share classes and mutual funds.

The amount of time you expect to hold your investment in a mutual fund will play an important role in determining which share class is most appropriate for you, and you should discuss these considerations and address any questions you may have with your financial professional. You can also find a free calculator to determine the impact of fees on the share class you choose at https://tools.finra.org/fund_analyzer.

Fees and Costs – Share Class Distinctions: While there are no standard definitions for these share classes (and their characteristics), and each mutual fund defines its share classes in its prospectus, set forth below are some basic descriptions of the 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 front-end 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 include distribution fees commonly referred to as 12b-1 fees. These 12b-1 fees are no more than 0.25% of your investment and are intended to finance distribution activities intended primarily to result in the sale of shares of the mutual fund. Despite these ongoing fees and expenses, Class A shares typically have lower operating expenses and ongoing costs compared to the other share classes

of the same mutual fund. 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 amount increases. These breakpoints are described in the mutual fund's prospectus.

- **Class B** – This share class typically does not charge you a front-end sales load, but they may charge a back-end sales load and a 12b-1 fee of between 0.25% and 0.75% of your investment (along with other annual expenses). The most common type of back-end sales load is the contingent deferred sales charge, also referred to as a CDSC if you sell your shares before a specified time period, generally 5 to 7 years. The amount of the CDSC usually decreases the longer you hold the shares. Class B shares also may convert automatically to a share class with a lower 12b-1 fee and no contingent deferred sales charge depending on how long you hold the shares.
- **Class C** – This share class is characterized by a level 12b-1 fee that you pay annually as a percentage of the value of your investment, generally 1%. Class C shares do not have a front-end sales charge like Class A shares but do have a contingent deferred sales charge (CDSC). With a CDSC 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, generally within one year. Some mutual funds offer Class C shares that convert to Class A shares after a specified period of time. Class C share conversion features, if any, are described in the specific mutual fund's prospectus, and you should discuss any potential conversion features and address any questions you may have regarding these features with your financial professional. Class C shares typically have higher underlying expenses than Class A shares, which means over time, Class C shares can be more costly to invest in than Class A shares.
- **Class R Shares** – This share class is available to retirement investors purchasing shares in a mutual fund through employer-sponsored retirement plans, such as 401(k) plans. Class R shares do not have a front-end sales charge like Class A shares or a CDSC like Class B or C shares, but Class R shares do have ongoing fees and expenses such as 12b-1 fees ranging from 0.25% to 1% of your assets that are intended to finance the distribution activities related to sales and servicing mutual fund shares. These fees and expenses are deducted from your assets on an ongoing basis. Given the potential variability in annual 12b-1 fees carried by Class R mutual fund shares, it is extremely important for you to read a mutual fund's prospectus carefully before investing to ensure that you completely understand the fees and costs you will incur in connection with your investment.

Fees and Costs – Buying, holding, and selling mutual funds entails fees. We and our financial professionals receive a portion of this sales charge for our efforts and the efforts in selling shares of the mutual fund. Commission will vary based on the issuer but in general commissions range between 1.25%–5.75%.

Fees and Costs – Transaction Fees: If you purchase mutual funds in a brokerage account, you will pay transaction fees. If a mutual fund or our clearing firm negotiates payments with a mutual fund sponsor, transaction fees for purchases are waived. These no-transaction fee funds, or NTF funds, have ongoing fees and expenses that may be higher than other mutual fund share classes. NTF funds will also charge short term trading fees if sold within 90 days of the initial purchase.

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 sales charges based

on the total amount you choose to invest with the mutual fund company. The investment levels needed to receive these discounts or reduced sales charges are known as breakpoints. Mutual fund companies typically allow you to combine holdings with those of immediate family members to reach these breakpoints. Refer to the mutual fund's prospectus for a description of its breakpoint policies, including how you can reach 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. In most instances, this requires signing a "Letter of Intent" (LOI).

Fees and Costs – Ongoing Fees and Expenses: In addition to the 12b-1 fees described above, mutual funds typically also deduct other ongoing fees and expenses 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, recordkeeping expenses and other expenses. In addition, as noted above, the ongoing fees and expenses are intended to finance distribution activities and include marketing and advertising expense. These ongoing fees and expenses are typically charged daily as a percentage of your assets in the mutual fund. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis. AIC and your financial professional generally receive all or a portion of the 12b-1 fees that you incur in connection with your mutual fund holdings for our efforts in selling shares of the mutual fund. To the extent a Class A, B or C share transaction fee mutual fund pays a 12b-1 fee, such 12b-1 fees will be shared with AIC and your financial professional.

Closed-End Funds

Characteristics: We offer access to closed-end funds from a variety of fund companies.

Like mutual funds, closed-end funds are pooled investment vehicles. However, there are some important differences between closed-end mutual funds and mutual 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, but do not trade on a secondary trading market. 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.

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.

It is important 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 the closed-end fund. While past performance of a closed-end fund is not indicative of future results, a closed-end fund's long-term performance record and portfolio manager's experience and qualifications are important factors to consider before investing in a closed-end fund. Information regarding a closed-end fund's features, risks, sales charges, ongoing fees and expenses, and overall expense ratio and other important information is available in the closed-end fund's prospectus.

Fees and Costs: Buying and selling closed-end funds entails fees: You will pay a sales charge every time you buy shares in a closed-end fund's public offering and a commission every time you buy and sell shares in a closed-end fund in a secondary trading market (if permitted). You will pay this sales charge or commission and transaction fees in addition to the amount of the fund you choose to buy or sell. Some closed end funds also charge a 12b-1 fee. Not all closed-end funds charge 12b-1 fees, so it's important to read the fund prospectus for details on the closed-end fund 12b-1 fee structure.

Fees and Costs – Ongoing Fees and Expenses: Closed-end funds also deduct other ongoing fees and expenses, such as management fees, from fund assets. 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. AIC and our financial professionals generally receive all or a portion of the 12b-1 fees that you incur in connection with your closed-end fund holdings for our efforts in selling shares of the closed-end fund.

Interval Funds

Characteristics: We offer access to interval funds from a variety of companies. Interval funds are a type of investment company that invests in primarily non-listed/non-traded and other illiquid investments. Interval funds are complex products and may utilize leverage to purchase new investments or fund redemption requests. As indicated by their name, interval funds offer to repurchase their shares from investors at specified intervals. The shares of an interval fund typically do not trade on a secondary market and interval funds generally offer their shares on a continuous basis at a price based on the fund's NAV.

Because interval funds own investments that are not listed on an exchange, the fund manager will value shares using a fair valuation methodology whereby the manager will attempt to identify a similar publicly traded security, apply liquidity discounts, or use other means to identify a daily price for the security held. The value of the actual investments is subjective and may not be realized when sold.

In order to operate as an interval fund, the fund must offer to repurchase up to 5% of its outstanding shares at regular intervals every three, six, or twelve months, as disclosed in the fund's prospectus. There may be instances where the interval fund is unable to repurchase all shares presented. In this case, investors will receive a pro-rata percentage of shares presented for redemption. If more than 5% of outstanding shares are presented for redemption, the fund's governing

board may authorize additional shares to be redeemed. The price that interval fund shareholders receive when shares are repurchased will be based on the per share NAV determined as of a specified date, minus any redemption fees or charges that may apply to the transaction. Information regarding a specific interval fund's features, risks, sales charges, ongoing fees and expenses, and overall expense ratio and other important information is available in the interval fund's prospectus.

Fees and Costs: Buying and selling interval funds entails fees. Interval funds may be offered in different share classes, similar to traditional mutual funds as described above. You will pay an upfront sales charge or contingent deferred sales charge based on the share class purchased. Due to the nature and complexity of managing the underlying investments in an interval funds, internal fees and expenses, including management fees, may be substantially higher than other mutual funds that invest in traditional asset classes. Some interval funds also charge you a redemption charge when you accept an interval fund's offer to repurchase your shares. This redemption charge is a one-time fixed fee. Unlike the sales charges and commissions, the redemption charge is not paid to us, but is paid to the fund to compensate it for expenses associated with the repurchase.

Fees and Costs – Ongoing Fees and Expenses: Interval funds also deduct other ongoing fees and expenses from fund assets. 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. Interval funds may also charge shareholder servicing fees and distribution fees which, in total, cannot exceed 1%, 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. AIC and our financial professionals generally receive all or a portion of the shareholder servicing and distribution fees that you incur in connection with your interval fund holdings for our efforts in selling and servicing shares of the interval fund.

Exchange-Traded Funds

Characteristics: We offer access to 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 by prospectus 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. Like 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. Information regarding a specific ETF's features, risks, ongoing fees and expenses, and overall expense ratio and other important information is available in the ETF's prospectus.

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: Buying, holding, and selling ETFs entails fees. You will pay a commission every time you buy or sell shares in an ETF. The commission you pay is based on the principal amount of your purchase, with smaller amounts paying a higher rate, of up to 4%. Your financial professional may charge a lesser amount. The commission compensates your financial professional for their research and personalized recommendations.

Fees and Costs – Ongoing Fees and Expenses: 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. 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. However, this is not always the case as there is a wide variety of ETFs available with different underlying management strategies. 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.

Unit Investment Trusts

Characteristics: We offer access to a wide range of unit investment trusts (UITs). UITs 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. 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. UITs have a maturity date that is usually between 15 to 24 months from the initial offering date but the maturity can be up to 5 years or more. At the UIT's maturity, an investor typically has three options: 1) receive the proceeds based on the value of the investment; 2) roll over into a newly issued UIT; and 3) in limited circumstances an investor may be able 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. Information regarding a specific UIT's features, risks, sales charges, ongoing fees and expenses, overall expense ratio and other important information is available in the UIT's prospectus.

Fees and Costs: Buying, holding, and selling UITs entails 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. Commissions will vary based on the issuer but in general commissions range between 1.00%–3.75%. You will pay this sales charge or commission in addition to the amount of the UIT you choose to buy or sell. 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. These charges may vary, depending on the sponsor, the length of the trust, trust holdings, and whether the UIT is an equity or a fixed income trust. Typically, the deferred sales charge is deducted from the unit holder'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 – Ongoing Fees and Expenses: 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.

Real Estate Investment Trusts

Characteristics: We offer access to a wide range of 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 their 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 REITs that are not listed for trading on public exchanges (“non-traded REITs”). While traded REITs can be bought and sold on a secondary trading market, non-traded REITs cannot be bought or sold readily in a secondary trading market and are typically only available for purchase when the non-traded REIT is conducting an offering of its shares. At the absolute discretion of the issuer of the non-traded REIT, there may be certain repurchase offers made from time to time. However, there is no guarantee that clients will be able to redeem the security during the repurchase offer. Issuers may repurchase shares at a price below net asset value. The repurchase program may also be suspended under certain circumstances. While the market price for shares of traded REITs is readily available, that is not the case for shares of non-traded REITs. Purchases are made at the offering price set by the issuer and a portion of the share purchase price includes sales commissions and upfront offering fees which reduces the amount invested by the company to purchase real estate assets. Non-traded REITs typically do not provide an estimate of the value per share until 18 months after the offering closes which may be years after an initial investment is made. Distributions paid to investors may come from offering proceeds or borrowings rather than from operating cash flow, 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 non-traded REITs. Information regarding a specific traded or non-traded REIT’s features, risks, commissions, and ongoing fees and expenses and other important information is available in the non-traded REIT’s prospectus or other offering document.

Fees and Costs: Buying and selling traded REITs entails fees. You will typically pay a commission every time you buy or sell a publicly traded REIT. You will pay this commission in addition to the price you pay for the shares you choose to buy and the transaction fee you pay for placing the trade. These costs will reduce the price you receive for the shares you choose to sell. The commission you pay is based on the principal amount of your purchase, with smaller amounts paying

a higher rate, of up to 4%. Your financial professional may charge a lesser amount. The commission compensates your financial professional for their research and personalized recommendations. We are not a “discount” broker-dealer. Discount broker-dealers generally offer lower commission rates.

Fees and Costs: Buying and selling non-traded REITs entails fees. For purchases of non-traded REITs, you will pay offering expenses which include selling commissions up to 6%, marketing and due diligence allowances, and management fees to the non-traded REIT sponsor. In addition to commissions, you will also pay dealer management fees of between 0% and 3% and organization and offering expenses of between 0.70% and 1.50%. These expenses, also referred to as a front-end load, can be up to 10%. The total load will be deducted from the value of your investment at the time of your purchase and reflected on your statement. Shares of non-traded REITs are sold back to the issuer through repurchase offers. The issuer establishes the price they will pay for your shares which may be considerably lower than the price you paid for shares.

Fees and Costs – Ongoing Fees and Expenses: Traded and non-traded 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. In the case of non-traded REITs, you will pay distribution and shareholder servicing fees of between 0% and 1%, acquisition and origination fees of between 1.0% and 2.5%, disposition fees of between 0% and 3%, and asset management fees of between 0.75% and 1.25%. There can be significant variability in the ongoing distribution fees carried by traded and non-traded REITs. Given this variability, it is important for you to read the REIT’s prospectus carefully before investing to ensure that you completely understand the fees and costs you will incur in connection with your investment.

Alternative Investments

Characteristics: We offer access to a variety of other alternative investments, including, but not limited to, oil and gas programs, qualified opportunity zone funds, 1031 exchange programs/DSTs and other limited partnerships, private placements, and other non-traded investment programs that are only available to accredited investors. Alternative investments include interval funds and non-traded REITs, which are described above. As a general matter, these offerings are classified as “alternative” because they are unlike traditional securities held in a broker-dealer account, such as stocks and bonds, and are generally not traded on an exchange. These types of investments don’t move in the same direction as traditional investments. Because of this, they’re used to diversify a portfolio and help reduce overall risk. Investing in alternative investments involves significant risk, including lack of liquidity, difficulty in assessing the value of certain alternative investments as a result of the assets in which they invest, the inability to obtain daily valuations for certain alternative investments, and other special risks. You could lose all or a portion of your investment in an alternative investment, and there can be no assurance that the stated investment objectives of an alternative investment will be met. Units or shares of these types of investments are often difficult to accurately value and may fluctuate substantially in value. Therefore, at the time of redemption, they may be worth more or less in value than the original amount invested. Additionally, you should be aware that alternative investments will, in certain circumstances, involve custody fees if held in a brokerage account at NFS. For additional information regarding these charges, please refer to the NFS Brokerage Account Fee Schedule on our website at www.ameritas.com/investments/disclosures.

You should carefully consider the investment objectives, risks, costs, and expenses of a specific alternative investment and particular share class before investing. Information regarding a specific alternative investment’s features, risks, commissions, redemption charges,

and ongoing fees and expenses and other important information is available in the alternative investment's prospectus, private placement memorandum, or other offering documents. You should be aware that investing in alternative investments involves substantial risks, including illiquidity and other special risks, and you could lose all or a portion of your investment.

Fees and Costs: Buying and selling alternative investments entails fees. You will pay a commission each time you buy an alternative investment through a primary offering. This commission is paid as a percentage of the investment amount or the share or unit price of the alternative investment offering. This commission is usually a one-time payment made at the time of your initial investment. Commission rates will vary by issuer but in general will vary from 5%–7.00%. In addition to the commission you will typically have an additional deposit based fee and charges, including fees paid to underwriters and other offering expenses.

Alternative investments bear the fees and expenses associated with acquiring, operating, and disposing of their assets. These fees and expenses include portfolio supervision, recordkeeping, and underwriting and operating expenses. Oil and gas (energy) offerings will typically have the following expenses and fees: marketing allowance of between 0.5% to 1.0%, due diligence fee paid to the distributing broker dealer between 0.5% to 1.0%, managing broker dealer fee of 1% to 2%, organization and offering expenses of 1% to 2%. The total offering expenses including the commission paid to your financial professional will be between 10% and 15%. Please refer to the Energy Offering Private Placement Memorandum (PPM) for any additional fees.

DST/1031 exchange offerings will typically have the following expenses and fees: marketing allowance/due diligence fee: 1.00% to 1.25%, managing broker dealer fee: 0.25% to 2.50%, wholesaling fee: 0.25% to 1.50%, organization and offering expenses: 0.30% to 1.50%, acquisition fee: 1.00% to 3.00%, asset management fee: 0.50% to 3.00%, property management fee: 0.50% to 5.00%, disposition fee: 1% to 4%. Please refer to the DST/1031 exchange program PPM for any additional fees.

Structured Products

We offer structured products including structured CDs and structured notes. Structured notes include buffered notes, barrier notes, and principal protected notes. Structured products typically consist of three main components: a bond component, an underlying asset, and a derivative strategy, generally an option or strategy based on the underlying asset. The terms of the note or CD are set by the issuer and include the holding period, or term, the amount of principal protection, if any, and potential return subject to a cap. Your return will be determined based on pricing dates, either at the end of the term or at intervals. The issuer will offer a preliminary pricing supplement and prospectus prior to the issuance of the note, at which time a final prospectus will be issued and delivered to you at the time of your purchase. You should carefully review the terms of the note, including risks and terms for important information about the structured product you are considering. Structured products are complex and not appropriate for all investors.

Fees and Costs: You will pay a commission when you purchase a structured product, which is set by the issuer. Commissions on structured notes and CDs generally range from 1.25% to 3.5% of the principal of the investment and based on the term of the note, with shorter term notes paying a lower commission amount. There are no ongoing fees or expenses, as these are factored into the terms of the product at issuance.

College Savings Plans

Characteristics: We offer 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. Information regarding a specific college savings plan's features, risks, sales charges, and ongoing fees and expenses and other important information is available in the education savings plan's offering document.

College savings plan contributions are invested in underlying investment options which 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 like 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.

You should 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.

Fees and Costs: Buying, holding, and selling investment options in a college savings plan entails fees. You 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), like the share class structure offered by many mutual funds. Though there are several types of college savings plan share classes, we typically offer Class A and Class C shares, depending on the time horizon you provide to your financial professional. 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 will 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 529 Plan share classes, and each college savings plan defines its share classes (and their characteristics and fees) 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. Commissions will vary based on the issuer but in general commissions range between 1.00%–5.75%.

- **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 back end or contingent deferred sales charge (CDSC). The CDSC means that you pay a sales charge when you redeem shares from your investment option. The amount of the CDSC is typically assessed as a percentage of the investment option and is typically eliminated after a short period of time (usually one year). You typically will have higher ongoing expenses for owning Class C shares as compared to if you had purchased Class A shares. Commissions will vary based on the issuer but in general commissions range between 1.00%–5.75%.

Fees and Costs – Ongoing Fees and Expenses: 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 utilized in a 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, overall expense ratio, and other important information 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.

Variable Insurance Products

Characteristics: We offer variable annuities, registered index linked 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. Not all financial professionals offer variable products. 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. Please see the product and underlying investment option prospectuses provided by your financial professional for more

details regarding each of these items. Below is general information about most variable products

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 underlying investments ("sub-accounts") or a fixed account that you select. The value of your investment, which is usually referred to as your accumulation value or account value, will fluctuate as the values of the underlying sub-accounts increase or decrease.

A registered index linked annuity is a type of variable annuity that links returns to the performance of a market index, such as the S&P 500 or NASDAQ rather than performance of a sub-account which invests directly in the market. RILAs provide limited downside protection through either a buffer or a floor, but they do not guarantee full protection of principal. Key features of a RILA include: (1) a buffer or floor that limits losses to a specified percentage, (2) a cap or participation rate that restricts upside potential, (3) the selected market index used to measure performance, and (4) a defined crediting period over which gains or losses are determined. With a buffer, losses are capped at the stated percentage, while a floor reduces losses beyond the floor amount based on index performance.

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 enough 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.

Variable annuities are long-term investments which can help with saving for retirement. Funds invested in these annuities 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 are exchanging the accumulated value of the annuity for a stream of regular income payments guaranteed for life or guaranteed for a specified number of years. The amount of these payments will vary based on the annuitization options selected. Choosing a fixed annuitization means that the policyholder will receive the same amount of money in each periodic payment over the life of the annuity, regardless of how the underlying investments perform. Variable payments differ in that the payments will vary as a result of the performance of the underlying investments in the contract.

Variable annuities and registered index linked annuities can provide investors with additional benefits beyond tax deferred growth and death benefit guarantees in the form of living benefits or enhanced death benefits (generally referred to as riders) including but not limited to the following:

- **Guaranteed Lifetime Withdrawal Benefit (GLWB):** Guarantees investors a stream of lifetime income based on a percentage of

the contract's benefit base. Lifetime GLWB payments are available without having to immediately annuitize the contract.

- **Guaranteed Minimum Accumulation Benefit (GMAB):** Guarantees a certain portion of the investment is returned to the contract owner regardless of the performance of the subaccounts.
- **Guaranteed Minimum Death Benefit (GMDB):** Guarantees an enhanced benefit to the contract owner's beneficiaries regardless of the account value on the date of death. These benefits can be based on a return of the initial investment, the highest contract value on the contract's anniversary over a specified period of time or increase at a specified percentage over a period of time.

Variable annuity and registered index linked annuity riders are optional and are offered for additional fees as disclosed in the product prospectus. The insurance company sets the fees, terms and conditions for the rider you purchase. Any withdrawals from your annuity contract will result in a reduction in the benefit and may violate the terms and conditions voiding the rider entirely. When you purchase an optional rider, you should ensure that you fully understand the terms, fees and any conditions required. All guarantees offered through the variable annuity contract, including optional riders, are based on the claims paying ability of the insurance company issuing the product.

Variable life insurance provides life insurance protection (i.e., a death benefit) and allows you to build up a cash value that can generally grow tax-free. 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. The surrender value is the amount you'll receive if you try to withdraw all of your cash value, and it may be less than cash value if surrender fees are charged. After a certain period, the surrender costs will no longer be in effect, and your cash value and surrender value will be the same. Terminating your policy will terminate your death benefit protection. Most insurance companies offer riders and other options, for an additional costs, with their variable life insurance policies, such as disability income insurance, income benefits or accelerated death benefits.

Fees and Costs—Variable Annuity Share Class Distinctions

Insurance companies offer different share classes of variable annuities. While there are no standard definitions for variable annuity share classes, and each variable annuity defines its share classes (and their characteristics and fees) in its prospectus, set forth below are some basic descriptions of the most common variable annuity share classes we make available to you:

- **Class B Shares** – If you purchase a Class B share variable annuity, you will not pay a front-end sales charge in most cases. However, you will be required to pay a Contingent Deferred Sales Charge (also known as a "surrender charge") if you make a partial or full surrender of the variable annuity within the surrender period. The variable annuity's prospectus will identify the terms of the surrender schedule, but generally the surrender period for Class B shares average from six to eight years, with the typical surrender charge initially ranging from 6.00% to 8.00% of the variable annuity's value. The surrender charge typically decreases each contract year until it reaches zero at the end of the surrender period.
- **Class C Shares** – Class C share variable annuities generally do not carry surrender charges. However, because of their added liquidity, these variable annuities will typically carry higher ongoing mortality and expense ("M&E") risk charges and associated fees and can therefore be more expensive over time than other share classes with lower ongoing expenses. Class C share variable annuities may be better suited for customers who are willing to pay higher fees in exchange for greater flexibility in their variable annuity investment.

- **Class L Shares** – Class L share variable annuities are similar to Class B share variable annuities in that they carry a surrender charge for early withdrawals. However, Class L share variable annuities typically have a shorter surrender charge period than Class B share variable annuities (i.e., generally three to four years). Class L share variable annuities also typically carry higher charges and fees, and unless those ongoing fees are reduced at some point, such as at the expiration of the surrender charge period, Class L share variable annuities can be more expensive over time than share classes with lower ongoing expenses.

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 and registered index linked annuities, and may range up to 15 years on some variable life insurance policies.

The surrender charges also vary by variable product. Typically, 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. Some variable annuities offer penalty-free withdrawals, generally 10% of your contract value. Tax penalties can also apply to surrenders or withdrawals from annuities made before age 59 ½.

Fees and Costs—Ongoing Fees and Expenses: Insurance companies issuing variable annuity and variable life policies 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 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. You should carefully consider the need for all riders based on the benefits they may provide and the associated fees.

In addition, you will indirectly pay the ongoing fees and expenses for the underlying investment options (sub-accounts) that are the underlying investment options for your variable product in which you invest. These investment management 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 are typically charged as an annualized rate against assets invested in the sub-accounts. Because registered index linked annuities

are not invested in sub-accounts, but rather linked to an index, you will typically not pay investment management fees.

The commissions, surrender charges, and ongoing fees and expenses associated with variable products vary by insurance company and the type of variable product selected. Information regarding a specific variable product's features, risks, commissions, surrender charges, and ongoing fees and expenses and other important information is available in the variable product's prospectus. You can request a copy of a variable product and investment options' prospectuses from your financial professional at any time, and you will receive a copy of the prospectuses for any variable product that your financial professional recommends to you.

Fees and Costs – Our Commissions: When you purchase a variable product the issuing insurance company will pay a sales commission to us. A sales commission is a sales charge paid by you based on the variable contract you purchase. A trail commission is an ongoing fee paid by the variable product sponsor (insurance company) for each year that you hold the variable contract. While you do not pay this commission directly, the insurer factors this commission into the product's fees and costs. 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.

Commissions we receive vary based on the variable product insurance company and by the type of variable product you purchase. In addition, your financial professional may have choices as to the manner in which commissions are paid, such as a higher deposit-based commissions with lower ongoing asset-based commissions, or lower deposit-based commissions with higher ongoing asset-based commissions. For a particular variable contract, the choice of compensation methodology selected by the financial professional does not affect the fees and expenses of the products.

For variable life insurance products, the commissions are typically structured in a way that provides higher compensation in the year of purchase up to a specified amount of premium, referred to as the "target premium" with lower commissions on payments in excess of the target premium and in subsequent policy years.

Additionally, it is important to note that AIC is the distributor and lead underwriter for variable insurance products issued by ALIC. As a result of these arrangements, AIC acts in multiple capacities with respect to the services it provides which results in conflicts of interest for us and our financial professionals. If a financial professional recommends the purchase of variable insurance products issued by ALIC and you choose to implement these recommendations, AIC and our financial professionals would receive compensation and/or commissions from ALIC as a result of the sale of the insurance and other financial products or services recommended. This creates an incentive for AIC and our financial professional to recommend proprietary products.