



**First Heartland® Capital, Inc.**

Member FINRA/SIPC

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**FIRST HEARTLAND® CAPITAL, INC.**  
**COMPENSATION INFORMATION AND RELATED CONFLICTS OF INTEREST**  
**(Compensation/Conflicts of Interest Disclosure)**

First Heartland® Capital, Inc. (FH Capital) is registered with the U.S. Securities and Exchange Commission (SEC) as a broker-dealer. FH Capital is also a member of the Financial Industry Regulatory Authority (FINRA). Like all financial services companies, FH Capital has conflicts of interest. This brochure provides information about how FHC and its financial professionals (FP) are compensated and the related conflicts of interest. In particular, the information below describes conflicts of interest associated with compensation received by FH Capital, its affiliates, and its FPs.

FH Capital is either compensated directly by customers, or indirectly from the investments made by customers. We can get paid an upfront commission at the time of the transaction, and/or ongoing compensation, typically called a trail payment or 12b-1 fee, depending on how long a customer holds an investment. If we are paid an upfront commission, it means that the more transactions a customer makes, the more we are paid. The amount we receive varies depending on the particular type of investment a customer makes. In addition to commissions and trails, we receive compensation from the sponsors of the products that customers purchase through us, some of which is described below. The compensation described in this document represents the maximum revenue we receive on an investment, before subtraction of any expenses.

Please note that not all of the conflicts described in this brochure apply to a particular FP or his or her services, and the products we sell and the types and amounts of compensation we receive, change over time. Customers should ask their FP if they have any questions about compensation or conflicts of interest. For brokerage services, FH Capital clears transactions through an independent, third-party custodian, Pershing, LLC (Pershing).

FH Capital is under common ownership with First Heartland® Consultants Inc. (FH Consultants), a SEC-registered investment adviser which provides advisory services. Disclosures of conflicts of interest related to advisory programs and services are provided in various Form ADV disclosure brochures which are available on [www.firstheartland.com/disclosures](http://www.firstheartland.com/disclosures).

**Commissions and Other Types of Sales Compensation**

- ***Commissions and Sales Charges.*** FH Capital receives upfront commissions when it executes transactions that result in the purchase or sale of a security. A commission, which also may be called a sales load, sales charge or placement fee, is typically (i) paid upfront, (ii) reduces the amount available to invest, (iii) charged directly against an investment, and (iv) based on the amount of assets invested. When FH Capital receives a sales charge or commission, it shares most of the sales charge or commission with the FP. Commissions vary from product to product. This creates an incentive to sell a higher commission security rather than a lower commission security. For more information about the commissions that apply to a particular transaction, please refer to the applicable prospectus or other offering document and/or transaction statement. Please refer to Exhibit A for additional information.
- ***Equities and Other Exchange Traded Securities.*** The maximum commission charged by FH Capital in an agency capacity on an exchange-traded securities transaction, such as an equity, exchange traded fund (“ETF”), exchange traded note (“ETN”) or closed-end fund (“CEF”), is \$80.73 per 100 shares. Commissions are negotiable subject to the maximum.
- ***Mutual Funds and 529s.*** The maximum commission or sales charge permitted under applicable rules is 8.5%, although the maximum is typically 5.75%. FH Capital offers various share classes of mutual funds and 529’s. As an example, certain mutual fund share classes, often referred to as Class A shares, pay an upfront sales charge and an ongoing trail (12b-1). For other mutual fund share classes, often titled Class C shares, there is no upfront sale charge paid, however, there is an ongoing trail payment and a contingent deferred sales charge to the investor if there is a redemption within a certain period of time after purchase. Depending on the length of the holding period for the mutual fund or 529, and other factors, one share class will be less expensive to the investor than another, and FH Capital and the FP will earn more or less in compensation for one share class than another. For an exact amount of the commission or sales charge, clients should consult the applicable prospectus.



- **Annuities.** The maximum upfront commission paid for new sales of annuities can be as high as 7.5%, but varies depending on the time purchased, and type of annuity, such as fixed, fixed index, and variable annuities. For the exact amount of commission charged, clients should consult the applicable product prospectus.
- **Alternative Investments.** For alternative investment products, such as publicly offered or non-traded real estate investment trusts (“REITs”), the upfront sales load is as high as 7.0%. For the exact amount of the sales charge, clients should consult the applicable product prospectus.
- **Unit Investment Trusts (“UITs”).** Typically, the maximum upfront sales charge for UITs can be as high as 2.95% but varies and can depend on the length of the term of the UIT. For the exact amount of the sales charge, clients should consult the applicable product prospectus.
- **Mark-ups and Mark-downs on Fixed Income Securities (CDs, Bonds, U.S. Treasuries).** If a customer holds an account at FH Capital, when FH Capital buys from or sells to the customer a fixed income security in a riskless principal capacity, FH Capital receives a mark-up or mark-down on the transaction. This means, for example, if we sell a security at a price higher than what we paid, we will earn a mark-up. Conversely, if we buy a security at a price lower than what we sell it for, FH Capital will receive a mark-down. Mark-ups and mark-downs typically apply to transactions in bonds or other fixed-income securities such as CDs. The maximum mark-up and mark-down on a transaction with a customer that we receive when acting in a riskless principal capacity is .065% of the principal amount traded. FH Capital shares the mark-up or mark-down with the FP. The actual mark-up and mark-down percentage may be lower than the maximum based on factors such as type of security and maturity. Please refer to Exhibit A for additional information.
- **Direct Fees and Charges.** If a customer holds a brokerage account at FH Capital through Pershing, Pershing charges miscellaneous fees directly to the account such as fees for certain types of transaction processing, account transfers, inactivity fees, and retirement account maintenance. Certain of these fees are marked up by FH Capital and FH Capital retains the markup. For marked up fees that apply per transaction, the more transactions that result from a FP recommendation, the more fees that FH Capital receives. These miscellaneous fees, which are set out in the Client Fee Schedule at [firstheartland.com/disclosures](http://firstheartland.com/disclosures), are not shared with the FP. The fees set out in the Client Fee Schedule reflect the marked up fee. For accounts not held with Pershing, i.e., “Direct Business” or “Subscription-Way Business”, these fees are not charged. Please refer to Exhibit B for additional information.

### **Third-Party Compensation**

FHC and FPs receive compensation from investment sponsors, in connection with investments the customers make in securities, such as mutual funds, annuities, and alternative investments. The types of third-party compensation are described below.

- **Trail/12b-1 Compensation.** FH Capital and FPs receive ongoing compensation from investment products, such as mutual funds, annuities and alternative investments. This compensation (commonly known as trails or 12b-1 fees) is typically paid from the assets of the investment under a distribution or servicing arrangement with the investment sponsor, is calculated as an annual percentage of invested assets, and is shared between FH Capital and the FP. The more assets you invest in the product, the more we will be paid in these fees. Therefore, we have an incentive to encourage you to increase the size of your investment. The amount of trails/12b-1s received varies from product to product. This creates an incentive to recommend a product that pays a higher trail/12b-1 rather than a lower trail/12b-1. For more information about trail/12b-1 compensation received with respect to a particular investment, please refer to the prospectus or offering document for the investment.
- **Mutual Funds and 529s.** The ongoing payment depends on the class of shares but is typically between 0.25% and 1% of assets annually.
- **Annuities.** FH Capital receives a trail commission from the annuity issuer for the promotion, sale and servicing of a policy. The amount and timing of trailing commissions vary depending on the agreement between FH Capital and the issuer, the commission option chosen by the FP, and the type of policy purchased. The maximum trailing commission for annuities is typically 1.5%, and varies depending on the type of annuity.
- **Alternative Investments.** For alternative investment products, such as non-traded REITs, trail payments may be as high as 1.25% on an annual basis.



- **Mutual Fund Finder's Fees.** In certain cases, FH Capital and FPs receive compensation from a mutual fund sponsor in connection with transactions for which sales charges are waived or under other circumstances and as described in a fund's offering documents. This compensation is generally referred to as a finder's fee or concession and typically ranges between 0.25% and 1% of the transaction amount.
- **Cash Sweep.** If a customer holds a brokerage account with FH Capital, FH Capital and Pershing offers a service to sweep cash held within accounts into a pre-selected, limited offering of money market funds (Sweep MM). Un-invested cash balances can be invested in Sweep MM chosen by FH Capital. The Sweep MM pays to Pershing a portion of the fees and expenses charged by the Sweep MM as compensation for the administrative and shareholder servicing services provided to FH Capital clients who opt for a Sweep MM. Pershing, in turn, shares a portion of this compensation with FH Capital in amounts ranging between 0% (0 basis points) and .0060% (60 basis points) of the total assets invested in the Sweep MM. This compensation is retained by FH Capital and is not shared with FPs, and therefore, FPs do not have a financial incentive to recommend this program.

Unlike other types of money market mutual funds available on FH Capital's platform, FH Capital makes available Sweep MM from only a limited number of mutual fund sponsors. By making available a limited number of Sweep MM, FH Capital is able to obtain greater compensation from Pershing for services it provides to clients. Because of the limited number of Sweep MM made available to you, and the fees paid by those funds, other money market mutual funds available through FH Capital's brokerage platform are likely to have higher returns/yields than the Sweep MM. Depending on interest rates and other market factors, the yields on the Sweep MM have been, and may continue in the future to be, lower than the aggregate fees and expenses received by FH Capital for a client's participation in the sweep program. This may result in a client experiencing a negative overall investment return with respect to cash reserves in the cash sweep programs. Please see Exhibit C for additional information.

- **Marketing Allowances.** FH Capital receives marketing allowances from various investment sponsors. These arrangements support FH Capital's product marketing, education and training efforts for FPs, and allow investment sponsors to communicate with FPs and employees so that the sponsor can promote such funds or products. These payments are typically calculated based upon the amount of assets placed with a particular investment sponsor, premium amounts, or a fixed, flat fee.

Investment sponsors pay FH Capital different amounts of marketing allowances based upon contractual agreements. Because these fees can vary by investment sponsor, FH Capital has an incentive to recommend an investment sponsor that pays more marketing allowance than an investment sponsor that pays a lower amount. Note that FH Capital does not share marketing allowances with FPs and therefore, FPs do not have a financial incentive to recommend a particular investment sponsor. Currently, FH Capital has marketing allowance relationships with Allianz, Brighthouse Financial, Delaware Life, Great American, and Pacific Life. Please see Exhibit C for additional information.

- **Life and Health Insurance.** In addition to the compensation that FH Capital receives for other products offered by insurance product sponsors, such as annuities, FH Capital and FH Capital's affiliated insurance agency, First Heartland® Corporation (FH Corporation), receive compensation from issuers of life insurance (universal, variable universal, whole life, and term) and other insurance contracts (long-term care and disability) that are available to customers of FH Capital. (Override Compensation). The amount of Override Compensation varies depending on the issuer, coverage and the premium amount. Override Compensation ranges between 0% and 70% of the first-year commissionable premium. In addition, FPs who are also licensed insurance agents receive a commission direct from the insurance issuer up to 115% of the premium. Therefore, total commissions on the sale of life insurance can be as high as 170% of the premium amount. FH Corporation may share a portion of its Override Compensation with FPs. FH Corporation and FPs also receive trailing/renewal commissions in the range of 1% to 49% on an annual basis.

FH Corporation and FPs may also receive additional compensation from issuers whose aggregate sales exceed premium thresholds specified in selling agreements with FH Corporation.

- **Wholesale Compensation.** In addition to the compensation that FH Capital receives for other products offered by insurance product sponsors, FH Capital also receives wholesale compensation from issuers of variable life insurance contracts. Wholesale compensation is paid by insurers to FH Capital for assistance with educating financial professionals or insurance agents not



affiliated with FH Capital on the insurers' products. Wholesale compensation ranges from 0% to 70% of first-year premium. FH Capital also receives trailing/renewal wholesale commissions in the range of 1% to 47% on an annual basis. FH Capital may share a portion of its Wholesale Compensation with FPs. FH Capital currently has wholesale arrangements with American General, AXA, Brighthouse, Delaware Life, Great American, John Hancock, Lincoln Benefit, Lincoln National, Nationwide, Principal, Protective, Prudential, and Security Life of Denver. Please see Exhibit C for additional information.

- **Bonus Payments from Investment Sponsors.** Certain insurance companies offer FH Capital and FPs bonus payments, often times called persistency or retention bonuses, based on the amount of customer assets that the FP has placed in the insurance company's products. This creates a conflict of interest as the FP has an incentive to recommend a particular product or insurance company that pays such bonuses. Please see Exhibit C for additional information.
- **Non-Cash Compensation and Cash Reimbursement.** FH Capital, FH Capital employees and FPs receive compensation from investment sponsors that is not in connection with any particular customer. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement of expenses in connection with educational meetings, customer workshops or events, or marketing or advertising initiatives, including services for identifying prospective Customers. Investment sponsors also pay for, or reimburse FH Capital for the costs associated with, education or training events that may be attended by FH Capital employees and FPs and for FH Capital-sponsored conferences and events.
- **FundVest® Program Service Fees.** FH Capital and Pershing offer a program that enables customers to purchase both mutual funds and ETFs without any clearance or execution charges (ticket/transaction charges), also known as the no-transaction fee program ("NTF"). Mutual funds available through this program are subject to purchase minimums and redemption periods (90 days). For certain mutual funds available through this program, Pershing receives a subset of 12b-1 revenue known as "service fees" from the applicable mutual fund companies. Mutual funds available through this program may pay both 12b-1 revenue (distribution and marketing fees) to FH Capital and 12b-1 revenue (service fees) to Pershing. If FH Capital receives any distribution and marketing fees from a mutual fund company through this program, any applicable service fees paid are retained 100% by Pershing and not shared with FH Capital. If, however, the applicable mutual fund does not pay any distribution and marketing fees to FH Capital but pays service fees to Pershing, Pershing shares a portion of the service fees with FH Capital. FH Capital has a financial incentive to encourage use of the NTF platform for mutual funds because FH Capital earns compensation in the form of distribution and marketing fees and a portion of applicable service fees. Although FH Capital does not share any portion of distribution and marketing fees, or service fees received from Pershing with FPs, FPs have an incentive to use the NTF program due to the lack of clearance or execution charges for the (ticket/transaction charge) FP on both mutual funds and ETFs. Please see Exhibit C for additional information and Fees Charged to FPs below.
- **Loan Advance® Program (Non-Purpose Loan Interest).** FH Capital and Pershing offer a program that enables customers to collateralize certain investment accounts in order to obtain a line-of-credit through Pershing. Interest is charged based on the amount of the outstanding line-of-credit at the Prime Rate plus a markup. FH Capital receives compensation of 0.75% of the outstanding line-of-credit. FH Capital does not share this compensation with FPs and therefore, FPs do not have a financial incentive to recommend this program. FH Capital's interest in continuing to receive brokerage commissions and fees gives FH Capital an incentive to recommend that customers borrow money rather than liquidating some of their assets maintained at FH Capital.

However, customers are not required to use the LoanAdvance® program and can work directly with other financial organizations to negotiate loans or lines-of-credit. Please see Exhibit D for additional information.

- **Cash Due Interest.** Cash Due Interest is interest charged by Pershing on clients' non-advisory cash account (as opposed to margin account) delinquencies. Interest is charged based using the current Pershing Base Lending Rate plus a markup of 300 bps. FH Capital retains a total of 150 bps. This interest is not shared with the FP. Please see Exhibit D for additional information.
- **Short Interest.** Short interest is a rebate received by Pershing from a counterparty on a stock loan for a client (securities lending). The minimum qualifying aggregate balance across all accounts participating is \$1,000,000. The interest charged to the client is the Overnight Bank Funding Rate on the market value of the shorts. FH Capital receives 50% of the total interest



charged. FH Capital has a financial incentive to encourage short interest because FH Capital earns compensation in the form of interest, transaction charges and other fees on investments made with loaned amounts. That financial incentive creates a conflict of interest insofar as FH Capital benefits from your decision to borrow and incur the various fees and interest described above. This interest is not shared with the FPs. Please see Exhibit D for additional information.

- **Margin Interest.** FH Capital and Pershing offer customers the ability to purchase securities on credit, also known as margin purchases. When a customer purchases securities on margin, Pershing extends a line of credit to the customer and charges interest on the margin balance. Interest is assessed on the net debit balance and is charged based on the current Pershing Prime Lending Rate plus an additional 0.75% to 2.75%. Pershing retains a total of 5.50% and shares the remainder of the interest with FH Capital. FH Capital has a financial incentive to encourage margin borrowing because FH Capital earns compensation in the form of interest, transaction charges and other fees on investments made with borrowed amounts. That financial incentive creates a conflict of interest insofar as FH Capital benefits from your decision to borrow and incur the various fees and interest described above. FH Capital does not share this compensation with FPs. If contemplating use of margin, please consult the FH Capital/Pershing Margin Agreement and related disclosures for additional details. Please see Exhibit D for additional information.
- **Error Correction.** If a customer holds an account at FH Capital, in the event a trade error occurs in the account, and such error is determined to be caused by FH Capital, FH Capital will cancel the trade and reimburse the client for any monetary loss. If a trade correction is required as a result of a customer issue (e.g., if a customer does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), FH Capital will cancel the trade and any resulting monetary loss will be borne by the customer. In the case of a trade that requires a correction and such correction results in a monetary gain to the customer, such gain will be retained by FH Capital and not shared with the FP.

**Compensation for Other Services.** FPs, who are also affiliated with FH Consultants, can also offer various types of advisory programs, platforms and services. FH Capital and FPs can earn more or less if a certain type of service, program or platform is recommended.

**FP Compensation.** FH Capital compensates FPs pursuant to an independent contractor agreement, and not as employees. FPs are entitled to receive compensation and other benefits from FH Capital, as described below:

- **Cash Compensation.** FH Capital typically pays a FP a percentage of the revenue he or she generates from sales of products and services. The percentage received can vary (typically between 70% to 92%) depending on his or her agreements with FH Capital and can be more or less than what he or she would receive at another brokerage firm.
- **Recruitment Compensation and Operational Assistance.** If a FP recently became associated with FH Capital from another investment firm, he or she may receive transition assistance from FH Capital in connection with the transition to our firm. In many cases, this transition assistance includes payments from FH Capital that are commonly intended to assist a FP with costs associated with the transition such as rebranding, postage, reduced or waiver of affiliation fees.
- **Incentive Trip.** FPs are also eligible to earn an annual incentive trip (Leaders Conference) based upon total revenues that they generate for FH Capital, FH Consultants, and FH Corporation. This incentive trip is not based on the recommendation of any specific security, investment or platform.

**Fees Charged to FPs.** FH Capital passes through various fees to FPs, for example, for trade execution (ticket charges), administrative services, technology, insurance, and licensing. These fees are marked up by FH Capital and are a source of revenue for the firm. Depending on the situation, these fees make it more or less profitable to offer certain services or products over others. In the case of transaction fees (ticket charges), they are more or less dependent on the type of security or platform that the FP recommends.

**Arrangements with Banks and Credit Unions.** Some FPs offer brokerage and advisory services on the premises of unaffiliated financial institutions, like banks and credit unions. FH Capital shares compensation with the financial institution, including a portion of the brokerage commissions and fees the FP generates. FH Capital shares with the financial institution between 70% to 90% of a portion of the commissions and ongoing trail payments that FH Capital receives in connection with the investment.



**FP's Outside Business Activities.** FPs are permitted to engage in certain FH Capital approved business activities other than the provision of broker-dealer services through FH Capital, and in certain cases, a FP could receive greater compensation through the outside business than through FH Capital. A FP could also be an accountant, tax preparer, or lawyer, for example. As another example, a FP could (1) provide advisory or financial planning services through our affiliated investment advisory firm, FH Consultants; (2) sell insurance through our affiliated life insurance agency, FH Corporation; (3) sell insurance through a separate unaffiliated, life insurance agency; or (4) provide third-party administration to retirement plans through a separate unaffiliated firm.

**FP's Professional Designations.** In addition, some financial professionals hold educational or professional credentials, such as the Certified Financial Planner™ (CFP®) designation. Holding a professional designation typically indicates that the FP has completed certain courses or continuing education. However, a FP's professional designation does not change the obligations of your FP, FH Capital or any of FH Capital's affiliated entities in providing broker-dealer, investment advisory, or insurance services to you, as applicable.

**Rollovers.** If a customer decides to roll assets out of a retirement plan, such as a 401(k) plan, into an individual retirement account ("IRA") at FH Capital, we have a financial incentive to recommend that a customer invests those assets with FH Capital, because we will be paid on those assets, for example, through commissions, fees and/or third party payments. A customer should be aware that such fees and commissions likely will be higher than those the customer pays through the plan, and there will be custodial and other maintenance fees. As securities held in a retirement plan are generally not transferred in-kind to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan. For more information about rollovers, see [Moving Your Qualified Plan Disclosure on firstheartland.com/disclosures](https://www.firstheartland.com/disclosures).

**Limitations on Our Investment Recommendations.** FH Capital and FPs offer and recommend investment products only from investment sponsors with which FH Capital has entered into selling and distribution agreements. Other firms may offer products and services not available through FH Capital, or the same or similar investment products and services at lower cost. In addition, FH Capital may only offer certain products in a brokerage account, even though there is a version of the product that may be lower cost and could be available in an advisory account, and vice versa. The scope of products and services offered by the FP may also be more limited than generally available through FH Capital, based on their licensing, training or branch office policy restrictions. You should ask your FP about the securities or services he or she is licensed or qualified to sell, and their ability to service investments transferring to FH Capital from another firm.

**Additional disclosures may be found at <https://www.pershing.com/disclosures#panel1>**

***This document as well as other disclosures are posted on the Disclosures page on FHC's website at <https://firstheartland.com/disclosures>.***

***FH Capital will post material changes to this disclosure from time to time as information becomes available. FH Capital will not notify you when these changes are made, so you should consult the website to learn about any changes that have been made. If you are unable to access the website or require current paper copies of any documents referenced here, please contact your FP or FHC at (800) 444-7244.***

EXHIBIT A  
Commission Rates

<u>Product Type</u>	<u>Commission and Markup/Markdown (Cost to Client)**</u>
<b>Equity Trades</b>	Negotiated commission not to exceed \$80.73 per 100 shares
<b>Exchange Traded Fund Trades</b>	Negotiated commission not to exceed \$80.73 per 100 shares
<b>Option Trades</b>	Negotiated commission not to exceed \$80.73 per contract
<b>Mutual Fund Trades</b>	Issuer Dependent-See prospectus for schedule of sales charges
<b>Alternative Investments</b>	Issuer Dependent-See prospectus for schedule of sales charges
<b>Unit Investment Trusts</b>	Issuer Dependent-See prospectus for schedule of sales charges
<b>Annuities</b>	Issuer Dependent-See prospectus for schedule of sales charges
<b>Fixed Income Trades</b>	
<b>(fee is the lesser of points or percentage of principal traded per the following table)</b>	

<u>Product</u>	<u>0 - 3 Years</u>	<u>&gt; 3 Years but &lt; 10 Years</u>	<u>10+ Years</u>
Agencies	0.02	0.05	0.065
Certificate of Deposit	0.02	0.05	0.065
Corporate Bonds	0.02	0.05	0.065
Mortgage Backed Securities	0.02	0.05	0.065
Municipal Bonds	0.02	0.05	0.065
U.S. Treasuries	0.005	0.01	0.020

\*\* Above listed commissions and markups/markdowns DO NOT apply to advisory accounts through our affiliated RIA firm, First Heartland® Consultants, Inc.

EXHIBIT B  
CLIENT FEE LISTING

	<u>CUSTODIAN FEE (Pershing)</u>		<u>BROKER-DEALER FEE (FHC)</u>		<u>TOTAL FEE TO CLIENT</u>	
	<u>BROKERAGE</u>	<u>ADVISORY</u>	<u>BROKERAGE</u>	<u>ADVISORY</u>	<u>BROKERAGE</u>	<u>ADVISORY</u>
<b>TRANSACTION/TRADE FEES</b>						
Dividend Reinvestment	\$1.00	\$1.00	\$0.00	\$0.00	\$1.00	\$1.00
FundVest (NTF Platform) - Short Term Redemption Fee	\$50.00	\$50.00	\$0.00	\$0.00	\$50.00	\$0.00 **
FundVest (NTF Platform) - Systematic Reinvestment (SR) Short Term Redemption Fee	\$5.00	\$5.00	\$0.00	\$0.00	\$5.00	\$0.00 **
FundVest (NTF Platform) - SR Exchange Short Term Redemption Fee	\$5.00	\$5.00	\$0.00	\$0.00	\$5.00	\$0.00 **
Mutual Fund Share Class Exchange (buy/sell)	\$6.00	\$6.00	\$0.00	\$0.00	\$6.00	\$0.00 **
<b>Home Office Assisted Trades (Client Calls Home Office to Place Buy or Sell Trades)</b>						
Mutual Funds	\$8.00	\$8.00	\$30.00	\$0.00	\$38.00	\$0.00 **
Equities	\$8.00	\$8.00	\$35.00	\$0.00	\$43.00	\$0.00 **
Exchange Traded Funds (ETFs)	\$8.75	\$8.75	\$34.25	\$0.00	\$43.00	\$0.00 **
Bonds (Government & Municipal)	\$12.00	\$12.00	\$33.00	\$0.00	\$45.00	\$0.00 **
Bonds (Corporate)	\$14.00	\$14.00	\$31.00	\$0.00	\$45.00	\$0.00 **
Unit Investment Trusts	\$14.00	\$14.00	\$41.00	\$0.00	\$55.00	\$0.00 **
Options	\$9.00	\$9.00	\$37.25	\$0.00	\$46.25	\$0.00 **
Section 31 Transaction Fees (Please refer to <a href="http://sec.gov/fast-answers/answerssec31.htm">sec.gov/fast-answers/answerssec31.htm</a> )	Pass through	\$0.00	Pass through	\$0.00	Pass through	\$0.00**
<b>ACCOUNT MAINTENANCE FEES</b>						
<b>Retirement Account Maintenance Fees - Traditional</b>						
IRA, Roth, Coverdell Accounts, and IRS Model 5305 SEP (per year)	\$43.50	\$43.50	\$6.50	\$0.00	\$50.00	\$43.50
SARSEP/Prototype SEP, SIMPLE IRA, and 403(b)(7) Custodial Accounts (per year)	\$58.50	\$58.50	\$0.00	\$0.00	\$58.50	\$58.50
Individual(k), Simplified (401(k), Profit Sharing & Money Purchase) (per year)	\$75.00	\$75.00	\$0.00	\$0.00	\$75.00	\$75.00
Flexible 401(k), Flexible Profit Sharing and Flexible Money Purchase (per year)	\$125.00	\$125.00	\$0.00	\$0.00	\$125.00	\$125.00
IRA, Roth IRA, SIMPLE and SEP - Mutual Fund Only Account (per year)	\$12.00	\$12.00	\$0.00	\$0.00	\$12.00	\$12.00
<b>Retail Account Inactivity Fees</b>						
Inactivity Fee for Retail Accounts (per account/per year)	\$25.00	\$25.00	\$25.00	\$0.00	\$50.00	\$0.00 **
Inactivity Fee for Retail Accounts - Mutual Fund Only (per account/per year)	\$12.50	\$12.50	\$12.50	\$0.00	\$25.00	\$0.00 **
<b>ACCOUNT TERMINATION AND TRANSFER FEES</b>						
DRS Transfer	\$10.00	\$10.00	\$10.00	\$10.00	\$20.00	\$20.00
DRS Transfer into Custodian	\$0.00	\$0.00	\$5.00	\$5.00	\$5.00	\$5.00
DTC Direct Mail Transfer	\$10.00	\$10.00	\$0.00	\$0.00	\$10.00	\$10.00
Legal, GNMA, and Restricted Transfers (per transfer)	\$135.00	\$135.00	\$10.00	\$10.00	\$145.00	\$145.00
Register and Ship Physical Certificate (per event)	\$60.00	\$60.00	\$15.00	\$15.00	\$75.00	\$75.00
Registration Transfer Fee	\$60.00	\$60.00	\$15.00	\$15.00	\$75.00	\$75.00

**\*\*For advisory accounts, fee is included in total advisory fee**



EXHIBIT B  
CLIENT FEE LISTING

	<u>CUSTODIAN FEE (Pershing)</u>		<u>BROKER-DEALER FEE (FHC)</u>		<u>TOTAL FEE TO CLIENT</u>	
	<u>BROKERAGE</u>	<u>ADVISORY</u>	<u>BROKERAGE</u>	<u>ADVISORY</u>	<u>BROKERAGE</u>	<u>ADVISORY</u>
Transfer Fee - Retail Accounts (per account)	\$65.00	\$65.00	\$85.00	\$85.00	\$150.00	\$150.00
Transfer/Termination Fee - Retirement Accounts	\$95.00	\$95.00	\$0.00	\$0.00	\$95.00	\$95.00
Mutual Fund Only Conversion Fee (per event)	\$50.00	\$50.00	\$0.00	\$0.00	\$50.00	\$50.00
<b>ALTERNATIVE INVESTMENTS AND SPECIAL PRODUCT FEES</b>						
Registered Alternative Investment Annual Fee	\$35.00	\$35.00	\$0.00	\$0.00	\$35.00	\$35.00
Registered Alternative Investment Transfer Fee (per transfer)	\$35.00	\$35.00	\$0.00	\$0.00	\$35.00	\$35.00
Unregistered Alternative Investment Annual Fee	\$125.00	\$125.00	\$0.00	\$0.00	\$125.00	\$125.00
Unregistered Alternative Investment Transfer Fee (per transfer)	\$125.00	\$125.00	\$0.00	\$0.00	\$125.00	\$125.00
Alternative Investment Network Processing Fee	\$50.00	\$50.00	\$0.00	\$0.00	\$50.00	\$50.00
Alternative Investment Network Transaction Fee	\$50.00	\$50.00	\$0.00	\$0.00	\$50.00	\$50.00
Special Statement Production - Forced Statement (per statement)	\$1.00	\$1.00	\$2.00	\$2.00	\$3.00	\$3.00
Special Statement Production - Year End Account Report (excludes postage)	\$3.00	\$3.00	\$2.00	\$2.00	\$5.00	\$5.00
Alternative Investment Manager Eligibility Review (per cusip)	\$300.00	\$300.00	\$0.00	\$0.00	\$300.00	\$300.00
Unrelated Business Taxable Income (UBTI) Tax Return Filing (IRS Form 990-T)	\$200.00	\$200.00	\$0.00	\$0.00	\$200.00	\$200.00
<b>CORESTONE ACCOUNT FEES</b>						
ACH Return	\$25.00	\$25.00	\$0.00	\$0.00	\$25.00	\$25.00
Returned Checks/Stop Payments	\$25.00	\$25.00	\$5.00	\$0.00	\$30.00	\$30.00
Business Checks - Initial Order Fee for Gold Corporate and Platinum Corporate Accts	\$50.00	\$50.00	\$0.00	\$0.00	\$50.00	\$50.00
Business Checks - Reorder Fee for Gold Corporate and Platinum Corporate Accts	\$40.00	\$40.00	\$0.00	\$0.00	\$40.00	\$40.00
Business Checks - Replacement Binder for Gold Corporate and Platinum Corporate Accts	\$20.00	\$20.00	\$0.00	\$0.00	\$20.00	\$20.00
Carbon Copy Checks - Initial Order	\$15.00	\$15.00	\$0.00	\$0.00	\$15.00	\$15.00
Carbon Copy Checks - Reorder	\$25.00	\$25.00	\$0.00	\$0.00	\$25.00	\$25.00
Cash Advance Fee (non-ATM) (\$2.50 minimum fee)	.25% of principal	.25% of principal	\$0.00	\$0.00	.25% of principal	.25% of principal
Copy of Paid Checks or VISA® Draft	\$2.50	\$2.50	\$0.00	\$0.00	\$2.50	\$2.50
Personal Check Reorder Fee for Platinum Accounts	\$7.50	\$7.50	\$0.00	\$0.00	\$7.50	\$7.50
Personal Check Reorder Fee for Gold Accounts	\$10.00	\$10.00	\$0.00	\$0.00	\$10.00	\$10.00
Personal Check Reorder Fee for Silver Accounts	\$12.50	\$12.50	\$0.00	\$0.00	\$12.50	\$12.50
Platinum Corporate Account Annual Fee	\$250.00	\$250.00	\$0.00	\$0.00	\$250.00	\$250.00
Platinum Account Annual Fee (includes Tax-Lot Service and 1099 Tax and Year End Statement)	\$150.00	\$150.00	\$0.00	\$0.00	\$150.00	\$150.00
Gold Corporate Account Annual Fee	\$150.00	\$150.00	\$0.00	\$0.00	\$150.00	\$150.00
Gold Account Annual Fee (includes Tax-Lot Service and 1099 Tax and Year End Statement)	\$100.00	\$100.00	\$0.00	\$0.00	\$100.00	\$100.00
Silver Plus Account Annual Fee	\$50.00	\$50.00	\$0.00	\$0.00	\$50.00	\$50.00
Silver Account Annual Fee	\$25.00	\$25.00	\$0.00	\$0.00	\$25.00	\$25.00

EXHIBIT B  
CLIENT FEE LISTING

	<u>CUSTODIAN FEE (Pershing)</u>		<u>BROKER-DEALER FEE (FHC)</u>		<u>TOTAL FEE TO CLIENT</u>	
	<u>BROKERAGE</u>	<u>ADVISORY</u>	<u>BROKERAGE</u>	<u>ADVISORY</u>	<u>BROKERAGE</u>	<u>ADVISORY</u>
<b>MISCELLANEOUS FEES</b>						
1099 Tax and Year End Statement (Enhanced) (per account/per year)	\$2.00	\$2.00	\$0.00	\$0.00	\$2.00	\$2.00
ACH Return Charge	\$20.00	\$20.00	\$5.00	\$5.00	\$25.00	\$25.00
Insufficient Funds/Uncollected Funds/Voided Check (per event)	\$20.00	\$20.00	\$10.00	\$10.00	\$30.00	\$30.00
Loan Processing (per loan)	\$50.00	\$0.00	\$0.00	\$0.00	\$50.00	\$50.00
Overnight Check Delivery Fee - Standard Delivery (per item)	\$12.00	\$12.00	\$8.00	\$8.00	\$20.00	\$20.00
Overnight Check Delivery Fee - Saturday Delivery (per item)	\$18.00	\$18.00	\$12.00	\$12.00	\$30.00	\$30.00
Overnight Check Delivery Fee- International Delivery (per item)	\$25.00	\$25.00	\$10.00	\$10.00	\$35.00	\$35.00
Paper Delivery Surcharge Fee for Statements (per statement)	\$0.75	\$0.75	\$1.25	\$1.25	\$2.00	\$2.00
Paper Delivery Surcharge Fee for Confirmations (per confirmation)	\$0.75	\$0.75	\$1.25	\$1.25	\$2.00	\$2.00
Stop Check Fee (per event) (non-Cornerstone accounts)	\$10.00	\$10.00	\$10.00	\$10.00	\$20.00	\$20.00
Wire Fees (outbound only)	\$20.00	\$20.00	\$5.00	\$5.00	\$25.00	\$25.00
Precious Metal Storage Fee (per year-based on market value)	75 bps	75 bps	25 bps	25 bps	100 bps	100 bps
Bond Call and Good til Cancel Notifications (per notification)	\$1.00	\$1.00	\$0.00	\$0.00	\$1.00	\$1.00
Safekeeping Fees (per position/per month)	\$10.00	\$10.00	\$5.00	\$5.00	\$15.00	\$15.00
Bond Redemptions (per event)	\$10.00	\$10.00	\$10.00	\$10.00	\$20.00	\$20.00
Reorganizations - Voluntary Actions (per event)	\$50.00	\$50.00	\$10.00	\$10.00	\$60.00	\$60.00
Reorganizations - Mandatory ( per event)	\$10.00	\$10.00	\$10.00	\$10.00	\$20.00	\$20.00
Margin Extensions (per event)	\$10.00	\$10.00	\$10.00	\$10.00	\$20.00	\$20.00
Tax Lot Service (per account, per month)	\$1.00	\$1.00	\$0.00	\$0.00	\$1.00	\$1.00
<b>Foreign Receive &amp; Deliver Fees</b>						
Agent Bank Fees - Euro Clear	\$25.00	\$25.00	\$0.00	\$0.00	\$25.00	\$25.00
Agent Bank Fees - Local Market	\$75.00	\$75.00	\$0.00	\$0.00	\$75.00	\$75.00
Clearance Fee Acats	\$75.00	\$75.00	\$25.00	\$25.00	\$100.00	\$100.00
Euro Clear Acats	\$25.00	\$25.00	\$50.00	\$50.00	\$75.00	\$75.00
<b>Deposit and Withdrawal at Custodian (DWAC) (per event)</b>						
DTC Processing Fee	\$5.00	\$5.00	\$0.00	\$0.00	\$5.00	\$5.00
DTC Deposit	\$3.00	\$3.00	\$2.00	\$2.00	\$5.00	\$5.00
DTC Withdrawal	\$5.00	\$5.00	\$2.00	\$2.00	\$7.00	\$7.00
<b>Albridge Portfolio Performance Packages (per account/per quarter)</b>						
Online Performance - Basic	\$9.00	\$9.00	\$0.00	\$0.00	\$9.00	\$9.00
Online Performance - Plus	\$12.00	\$12.00	\$0.00	\$0.00	\$12.00	\$12.00
Performance Reporting - Basic (edelivery only)	\$18.75	\$18.75	\$0.00	\$0.00	\$18.75	\$18.75
Performance Reporting - Plus (edelivery only)	\$31.25	\$31.25	\$0.00	\$0.00	\$31.25	\$31.25
Performance Reporting - Print and Mail Services (per account/per event)	\$3.75	\$3.75	\$0.00	\$0.00	\$3.75	\$3.75
Cashless Options Exercise Program (per exercise)	\$50.00	\$50.00	\$0.00	\$0.00	\$50.00	\$50.00

**REVENUE RECEIVED BY FHC FROM 3RD PARTIES**

**Clearance Services - Volume Discounts (Received from Pershing)**

(this is a discount received by the firm for increased trading volume)

	<u>Per Trade Discount</u>
Equity/ETF Trades greater than 2250 per month	\$0.25
Equity/ETF Trades greater than 4000 per month	\$0.75
Fixed Income Trades greater than 275 per month	\$1.00
Fixed Income Trades greater than 400 per month	\$2.00
MF Trades greater than 2000 per month	\$0.75

**Distribution Assistance for Money Market Sweep Funds - Non Retirement (Retail) Accounts (Received from Pershing)**

**Brokerage (Non-Advisory) - Applies to FCR, FMCS, FGR**

<u>Avg. Fund Balances</u>	<u>Basis Points (bps)</u>
\$0 - \$999,999	0 bps
\$1,000,000 - \$4,999,999	25 bps
\$5,000,000 - \$9,999,999	30 bps
\$10,000,000 - \$49,999,999	40 bps
\$50,000,000 - \$99,999,999	50 bps
\$100,000,000 - \$199,999,999	55 bps
\$200,000,000 +	60 bps

**Advisory - Applies to GOSM**

0 bps

**Distribution Assistance for Money Market Sweep Funds - Retirement Accounts (Received from Pershing)**

**Brokerage (Non-Advisory)-Applies to PPR, PGR**

<u>Avg. Fund Balances</u>	<u>Basis Points (bps)</u>
\$0 - \$1,999,999	0 bps
\$2,000,000 - \$4,999,999	10 bps
\$5,000,000 - \$9,999,999	20 bps
\$10,000,000 +	25 bps

**Advisory - Applies to GOSM-R**

0 bps

**Service Fee Revenue for Fundvest® Program (Received from Pershing)**

**Level of Program Assets (held in BD Accounts)**

	<u>% of FundVest® Service Fees Paid to FHC</u>
First \$10 million in assets	0.00%
Assets exceeding \$10 million	40.00%

**RECEIVED FROM PRODUCT VENDORS**

Marketing Allowances/Revenue Sharing	Issuer dependent based on selling agreement
Wholesale Compensation	Issuer dependent based on selling agreement
Bonus Payments	Issuer dependent based on selling agreement

EXHIBIT D  
Other Revenue Received from Customers

**Interest Charged to Customers**

	<u>Pershing Charge</u>	<u>FHC Mark-Up</u>	<u>Total to Client</u>	<u>Pershing Share</u>	<u>FHC Share</u>
<b>Cash Due Interest (Applies to Non Advisory Accounts Only)</b>	PBLR* plus 1.50%	1.50%	*PBLR plus 3.00%	PBLR* plus 1.50%	1.50%
<b>Margin Interest (Applies to Both Advisory and Non-Advisory Brokerage Accounts)</b>					
Net Debit Balance					
\$0 - \$9,999	PBLR* plus 2.75%	0.00%	*PBLR plus 2.75%	5.50%	Amount over 5.50%
\$10,000 to \$29,999	PBLR* plus 2.00%	0.00%	*PBLR plus 2.00%	5.50%	Amount over 5.50%
\$30,000 to \$49,999	PBLR* plus 1.50%	0.00%	*PBLR plus 1.50%	5.50%	Amount over 5.50%
\$50,000 +	PBLR* plus 0.75%	0.00%	*PBLR plus .75%	5.50%	Amount over 5.50%
<b>Short Interest</b>					
(Minimum Qualifying Aggregate Balance of \$1,000,000)	Overnight Bank Funding Rate on Market Value of the Shorts	0%	Overnight Bank Funding Rate on Market Value of the Shorts	50%	50%
<b>Non Purpose Loan Interest (Loan Advance)</b>	Prime Rate	0.75%	Prime Rate plus .75%	Prime Rate	0.75%

\*PBLR is the Pershing Base Lending Rate and is set at the discretion of Pershing with references to commercially recognized interest rates, industry conditions regarding the extension of margin credit and general market conditions.

To view the most current PBLR please go to [pershing.com/rates](http://pershing.com/rates)