This Cantella Client Disclosure Document provides information about the types of products and services we offer, the risks associated with those products and services, information about the costs and fees you will incur, and other investment-related information. This document should be accompanied by the Cantella & Co., Inc. ("Cantella") Form CRS, which is a summary document in nature. You should also review the Brokerage Compensation and Conflicts Disclosure, which describes how Cantella and its financial professionals are paid and the conflicts those arrangements may create. For advisory services, please review the Form ADV 2A for information specific to investment advisory conflicts of interest.

We may amend this document from time to time and you will be bound by the amended disclosures if you elect to continue receiving our services after the disclosures are amended. Updated copies of this document are available at: www.cantella.com/investor-disclosures.php. If you would prefer to receive a paper copy of the information referenced in website links throughout this document, please contact your financial professional or Cantella's Home Office. We encourage you to read the contents of this document. If you have additional questions, please feel free to reach out to your financial professional or contact Cantella at (800)-652-8358.

SECTION I—Cantella & Co., Inc.

STANDARD OF CONDUCT—REGULATION BEST INTEREST

Under the SEC's Regulation Best Interest, Cantella & Co., Inc. and its associated persons (including your financial professional) are required to act in the best interest of a retail client (such as a natural person using our services primarily for personal, family, or household purposes) at the time they recommend any securities transaction or investment strategy involving securities (including account-type recommendations). The requirement under Regulation Best Interest to act in the best interest of the retail client is limited to when we make a recommendation of a security or investment strategy involving securities to a retail client. Neither Regulation Best Interest nor any best interest obligation extends to any other dealings or services we provide, including, without limitation, how we market securities and services, execute trades, the fees that we charge, or our duty to deal fairly with retail clients.

You should understand that, as a broker-dealer, we have conflicts of interest when we make a recommendation of a securities transaction or investment strategy involving securities, including that we are compensated based on the sale of securities to you, and that we recommend securities which have we in our inventory. These conflicts of interest are described in greater detail in the Cantella Brokerage Compensation & Conflicts Disclosure, the Form ADV 2A, as well as in other documents such as your account agreement, prospectuses and other product disclosures, trade confirmations, and account statements.

When Regulation Best Interest applies, financial professionals may be required to disclose additional information specific to them, such as material limitations on the securities or investment strategies involving securities that they may recommend, differences in their investment approach from ours generally, and any conflicts of interest that may be unique to them. If that is the case, then your financial professional will disclose such additional information to you orally or in writing before or at the time they make the recommendation to which that additional information relates.

CAPACITY

Cantella & Co., Inc.

Cantella is dually registered and has the ability to work in the following capacities:

- A broker/dealer, as defined by the Financial Industry Regulatory Authority ("FINRA"), is a "company that is in the business of buying and selling securities—stocks, bonds, mutual funds, and certain other investment products—on behalf of its clients (as broker), for its own account (as dealer), or both."
- A Registered Investment Adviser, as defined by the Securities and Exchange Commission ("SEC"), is "any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities." For information regarding our advisory practices and accounts, please visit www.cantella.com/investor-disclosures.php for the Form ADV.

This dual registration allows the dually registered professionals that work with us, also known as your financial professional, to offer either brokerage and/or investment advisory services. If your financial professional is only registered as a broker-dealer representative, they would not be eligible to offer investment advisory services.

There are times when we may act as a broker-dealer and an investment adviser, concurrently. For instance, you may maintain a brokerage account and an investment advisory account with Cantella, at the same time. The rules applicable to each individual account type apply with respect to that account. For example, we will not make investment decisions for you or monitor your brokerage account(s); however, we will monitor your investment advisory account(s), as agreed upon in the applicable investment advisory agreement.

These brokerage or investment advisory services may be offered at either of our three clearing firms: BNY Mellon Pershing ("Pershing"), National Financial Services LLC ("NFS"), or Raymond James Custody & Clearing ("Raymond James"). What's right for you depends on your individual financial situation and investment objectives.

Cantella's role with your financial professional is to supervise their activity and process their investment business. We provide them with the tools to function as independent business owners, and as their back office, give them access to technology platforms, research capabilities, and other support services to help better assist their clients.

The financial services industry is one of the most highly regulated industries in the world. Cantella is responsible for ensuring your financial professional and our firm adhere to all applicable laws and regulations, while maintaining the highest degree of ethics, honesty, and fairness in our dealings. These values have been codified in Cantella's Code of Ethics, and adopted by our Board of Directors.

For further information, we encourage every investor to review Cantella's Form CRS, or Customer Relationship Summary, which details important information regarding:

- The types of services the firm offers;
- The fees, costs, conflicts of interest, and required standard of conduct associated with those services;
- Whether the firm and its financial professionals have reportable legal or disciplinary history; and
- How to get more information about the firm.

A relationship summary also includes questions to help you begin a discussion with an adviser or broker about the relationship, including their services, fees, costs, conflicts, and disciplinary information. You can review the Cantella Brokerage Compensation and Conflicts Disclosure or our Form ADV 2A, if applicable, for an overview of each of Cantella's conflicts of interest.

Financial Professionals

We generically refer to all financial professionals who make recommendations or provide investment advice on our behalf as "financial professionals" or "financial representatives" in firm communications, including, among other things, our website (www.cantella.com), account forms, account statements, trade confirmations, disclosures, and letters. Your financial professional may also use a professional title or designation that does not include the term "financial professional," such as "financial consultant," "financial adviser," or a similar title. Regardless of your financial professional's title, all recommendations regarding your brokerage account will be made in a broker-dealer capacity, and all investment advice regarding your advisory account will be made in an investment advisory capacity. When your financial professional makes a recommendation or provides investment advice to you, your financial professional will make clear, orally or in writing, for which account the recommendation or investment advice is being made. When referring to investment advisory activities of a financial professional, we sometimes refer to them as an "investment adviser representative" or "investment adviser," each as defined in the Investment Advisers Act of 1940.

CONFLICTS OF INTEREST

Like all financial services providers, Cantella and its financial professionals have conflicts of interest. Cantella and its financial professionals are compensated directly by clients and indirectly from the investments made by clients. Please review Cantella Brokerage Compensation and Conflicts Disclosure or our Form ADV 2A, if applicable, for an overview of each of Cantella's conflicts of interest.

OUR AFFILIATED ENTITIES

Cantella Insurance Agency, Inc. is a general insurance agency, which is licensed to sell certain insurance products.

SECTION II—ACCOUNT TYPES AND SCOPE OF SERVICES

BROKERAGE ACCOUNTS

In a brokerage account your financial professional can offer recommendations to buy, sell, or hold securities, but you make the final investment decisions. Information regarding the differences between broker-dealers and investment advisers, as well as their respective service offerings, is summarized in the Form CRS that you can find on www.cantella.com/investor-disclosures.php.

Requirements to Open a Brokerage Account

We retain the authority, in our discretion, to decline to open or maintain any account or service, and to decline to accept or act upon any order or instruction. Without limiting the scope of the preceding sentence, for prospects and clients who reside inside or outside of the U.S., are incorporated/formed outside of the U.S., or have other significant connections to countries outside of the U.S., we may in our discretion:

- decline to open or continue an account or service;
- require a minimum account or relationship amount to open or continue an account or service;
- require additional information or documentation as a condition of providing an account or service; or
- otherwise restrict the accounts, products, or services that we will provide.

Retirement Accounts

When providing brokerage services for retirement accounts, we act solely in the capacity of a registered broker-dealer, and not as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

ADVISORY ACCOUNTS

Information regarding our advisory business practices and accounts is summarized in the Form CRS and more fully described in the Form ADV (or Wrap Fee Program Brochure, as applicable) (the "Advisory Disclosure Documents"). A copy of these disclosure documents is available from your financial professional, and can also be located at www.cantella.com/investor-disclosures.php.

DIRECT-HELD ACCOUNTS

In addition to the brokerage, advisory and other services we offer you, other products including mutual funds, insurance products and alternative investments are available to you. While many of these investments can be held in accounts maintained by one of the three clearing firms with which we have a relationship, other investments are held in accounts directly with the issuer of the securities purchased (sometimes referred to as "direct-held accounts").

Before deciding whether to open an account with us, you will want to discuss account types and services with your financial professional to decide which account types and services best fit your individual needs.

ACCOUNT MONITORING

In an investment advisory account or relationship, we conduct ongoing monitoring of advisory assets tailored to the advisory relationship with the particular client and type of advisory account, except for certain periodic or point-in-time investment advice, such as financial planning. In contrast, in a brokerage account or relationship, we are neither required nor agree to provide account monitoring services. Although individual financial professionals may voluntarily consider holdings in your brokerage account or brokerage relationship for purposes of determining whether to provide any recommendations to you, this does not constitute an account monitoring service for that brokerage account or relationship. This distinction between a brokerage account or relationship from an advisory account or relationship is important, and you should consider this distinction, among other factors such as the payment of commissions versus asset-based fees or the availability of discretionary advice, when deciding what kind of account or relationship to have with us.

INVESTMENT APPROACH

We support your financial professional's use of a disciplined process for developing investment recommendations to achieve your financial objectives. Your financial professional will seek to understand your objectives through clear communication with you about your financial situation, as well as your unique needs and preferences, prior investment experience, risk tolerance, and other important information about you. In making a recommendation, your financial professional will evaluate a range of potential investment products and financial services. Your financial professional will utilize a variety of resources to assist in evaluating the costs, risks, rewards, and other characteristics of investment options.

Your financial professional may recommend a comprehensive strategy, or may address a particular component of your financial objectives, based on the information you provide. Periodically reviewing and refreshing your investment strategy with your financial professional is essential to ensuring your investment portfolio remains appropriately diversified and aligned with your risk tolerance and objectives. With that in mind, please notify your financial professional of any changes to your financial or personal circumstances.

SECTION III—COSTS AND FEES

BROKERAGE COMMISSIONS

Certain charges are levied on the purchase and sale of securities in brokerage accounts. These charges, commonly referred to as "commissions," are imposed by us for providing brokerage services, including trade execution and handling. Generally, commissions are calculated based on the principal purchase or sale amount involved and vary depending on product type, quantity of securities purchased, and other factors. Typically, a brokerage commission and other transaction fees are charged to clients by adding to the principal amount of a purchase or subtracting from the proceeds of a sale of a security, which is deducted from the client account. Please see the Cantella Brokerage Compensation and Conflicts Disclosure for more information about the costs and fees associated with commission-based accounts.

ADVISORY FEES

Information regarding our advisory business practices, advisory accounts, and applicable fees is summarized in the Form CRS and more fully described in the Form ADV 2A (or Wrap Fee Program Brochure, as applicable). A copy of these disclosure documents is available from your financial professional, and can also be located at www.cantella.com/investor-disclosures.php.

PRODUCT COSTS AND FEES

In addition to commissions, most products and services have other associated costs and fees, as summarized below in *Section IV—Investment Products and Services*. These costs and fees are detailed in a product's relevant offering documentation, and may be reflected on your trade confirmations and account statements.

OTHER COSTS AND FEES

In a brokerage account, you will incur transaction charges when you buy or sell securities, including: commissions; markups and markdowns; upfront or ongoing fees that you pay to a mutual fund or other product issuer, a portion of which is paid to us in connection with your transaction; and handling and processing fees on securities transactions.

Depending upon your account and relationship, you may also incur periodic account maintenance or Individual Retirement

Account ("IRA") custodial fees, as well as processing, service, and account fees upon certain events or occurrences. You will incur interest charges if you borrow on margin or through a securities-based loan in any of your accounts. Certain investments, such as mutual funds, have embedded fees that are generally paid by you to the companies that sponsor, manage, or promote the investment.

You will pay costs and fees whether you make or lose money on your investments. Costs and fees will reduce any amount of money you make on your investments over time. Please make sure you understand what costs and fees you are paying. You have the option to purchase almost all investment products that we recommend through other broker-dealers, and it may cost you more or less to do so. For a full fee schedule please visit www.cantella.com/investor-disclosures.php as these costs are subject to change.

Part of our commitment to providing you the professional guidance you need to meet your financial objectives is helping you understand what you may be charged for services. Certain fees may not apply, or may be discounted, based on the type of account you have and/or the amount of assets you hold, or the clearing firm you maintain your account with. Other fees only apply when the associated services are requested or when special processing is required.

SECTION IV—INVESTMENT PRODUCTS AND SERVICES

OVERVIEW

We offer a wide range of investment products through our clearing firms. Deciding which products and services to invest in can be complex. It is important for you to work with your financial professional to evaluate whether the objectives, risks, costs, and other characteristics of a product or service are aligned with your individual needs and objectives.

Commissions described in this Section may not apply if such products and services are purchased or utilized in a wrap fee-based advisory account where you pay one fee for all transaction-related services (in contrast to a fee-based advisory account that still incurs transaction charges). Information regarding our advisory business practices, advisory accounts, and applicable fees is summarized in the Form CRS and more fully described in the Form ADV 2A. A copy of these disclosure documents is available from your financial professional, and can also be located at www.cantella.com/investor-disclosures.php. Clients should carefully review the Form CRS, this document, the client agreements, and the additional Advisory Disclosure Documents when deciding whether a fee-based account or a brokerage account is a better fit.

General Product Limitations

Not all securities available to the market are offered by us due to structure, size, and liquidity of the security or similar characteristics of the security or underlying investments. Product availability will also differ among our three clearing relationships. Additionally, except for most individual equity offerings, we maintain due diligence processes to evaluate an issuer's publicly filed financial history and future projections, the issuer's operational capabilities, and the products and sales literature offered by the issuer. The due diligence process is often tailored to the type of product or service offering. Although we do not publish proprietary research, financial professionals have access to independent third-party research which can be furnished on request. Additional limitations may be noted in the Investment Product and Services section below.

Certain products have offering documents that are created by the issuer to provide additional information specific to that product, including specific conflicts of interest. These offering documents are often referred to as "prospectuses," "official statements," "offering circulars," or "offering memoranda." It is imperative that you read and understand a product's relevant offering documentation prior to deciding to invest in that product.

Limitations on Investment Recommendations

Cantella and financial professionals offer and recommend investment products only from investment sponsors with which Cantella has entered into selling and distribution agreements. Other firms may offer products and services not available through Cantella, or the same or similar investment products and services at lower cost. In addition, Cantella may only offer certain products in a brokerage account, even though there is a version of the product that may be offered at a lower cost through an advisory account, and vice versa. The scope of products and services offered by certain financial professionals may also be more limited than what is available through other financial professionals. A financial professional's ability to offer individual products and services depends on his/her licensing, training or branch office policy restrictions. For example, a financial professional maintaining a Series 6, Series 63 and Life Insurance Agent license is limited to providing investment company securities, such as mutual funds, UITs and variable annuity contracts. A financial professional maintaining a Series 7, Series 63 and Life Insurance Agent license is able to provide solutions including all securities available for sale by a Series 6 representative as well as individual stocks, bonds, and alternative investments, among others. As another example, a financial professional may only be licensed to provide brokerage services, and not advisory services, or vice versa. To provide investment advisory services, a financial professional is often required to be registered as an IAR with the state in which he/she has a place of business. You should ask your financial professional about the securities or services he/she is licensed or qualified to sell, and his/her ability to service investments that you transfer to Cantella from another firm. You can review the licenses held by your financial professional by visiting the FINRA BrokerCheck system at http://brokercheck.finra.org.

UNDERSTANDING INVESTMENT RISKS

Investing is a serious business, which, while offering potentially positive returns over the long run, merits your attention to the associated risks, to the decision-making process, and to changes in your financial needs that may necessitate alterations to your investment approach. You should remember that you bear the risk of loss when investing, and that usually the higher the potential reward, the greater the potential risk of an investment.

Securities involve risk, and you may lose money. There is no guarantee that you will meet your investment goals, or that our recommended investment strategy will perform as anticipated. Please consult any available product offering documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you, or help you find them.

Securities investments, including mutual funds and even government bonds, are not insured by the federal government against market loss. All investments contain some measure of risk, from the high risks attendant to investing in small, unproven companies to the risks of price fluctuations based on interest rate changes in investments issued by the U.S. Treasury, if sold prior to maturity. Furthermore, reasonable investment objectives can be hindered by factors outside of anyone's control. Among others, you face the following investment risks:

Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is created by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.

Interest Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, standardized products with active trading markets are more liquid. For example, U.S. Treasury securities are highly liquid, while real estate properties are not.

Reinvestment Risk: The risk that future proceeds from investments will be reinvested at a potentially lower rate of return (interest rate). This primarily relates to fixed income securities.

Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk to profitability than an electric company, which generates its income from a steady stream of clients who buy electricity regardless of the economic environment.

Financial Risk: Excessive borrowing to finance a company's operations increases the risk of loss, as a 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 or a decline in the market value of a company's securities. Senior debt instruments (e.g., secured bonds) generally have a higher priority of payment if an issuer's financial strength declines when compared with equity investments (e.g., common stocks), and a company facing financial challenges generally must stop paying dividends to shareholders before interrupting interest payments to bondholders.

Correlation Risk: This is the risk that the actual correlation (a statistical measure of how two or more variables move in relation to each other) between two assets (or variables) will be different than the correlation that was assumed or expected. Differences between the actual and expected correlation may result in a security being riskier than was anticipated.

Counterparty/Default Risk: This is the risk that a party to a contract will not live up to (or will default on) its contractual obligations to the other party to the contract.

Valuation Risk: This is the risk that an asset is improperly valued in relation to what would be received upon its sale or redemption at maturity.

Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

Currency Risk: Foreign investments are subject to fluctuations in the value of the U.S. dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Tax Risk: This is the risk that tax laws may change and impact the underlying investment premise or profitability of an investment.

Cybersecurity Risk: Intentional cybersecurity breaches include unauthorized access to systems, networks, or devices (such as through "hacking" activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information. A cybersecurity breach could result in the loss or theft of client data or funds, the inability to access electronic systems ("denial of services"), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause an investment fund, the representative, a manager, or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss.

Technology Risk: Digital and network technologies are critical to conducting business and we maintain substantial computerized data relating to client account activities. These technologies include those owned or managed by us as well as those owned or managed by others, such as financial intermediaries, pricing vendors, transfer agents, and other service providers. Technology systems may fail to operate properly or become disabled as a result of events or circumstances beyond our control or the control of our service providers. Technology failures, including those arising from use of third-party service providers or client usage of systems to access accounts, could have a material adverse effect on our business or our clients and could result in, among other things, financial loss, reputational damage, regulatory penalties, or the inability to conduct business.

In addition to the above risk factors, certain trading strategies may involve additional risks. For example, a "day-trading strategy" refers to a trading strategy characterized by the regular transmission by a client of intra-day orders to affect both purchase and sale transactions in the same security or securities, which can involve significant risks.

Additionally, investing in speculative securities, such as low-priced stocks and newly issued equity securities, as well as securities of historically unprofitable companies, involve more than average risk and can experience volatile price behavior. For example, with respect to new industries, stocks issued by relatively unproven companies typically have valuations that materially exceed valuations based on traditional business methods. Options are similarly speculative as the price declines over the option's life unless the underlying stock price moves quickly. Although prospective investment returns may be higher than normal, only investors capable of sustaining the complete loss of their investments should purchase speculative securities.

INVESTMENT PRODUCTS & SERVICES

Equities

Product Description

Equity investments are purchases of shares of securities issued by individual companies, which are typically traded on an exchange. Equity ownership may have a different format depending on the capital structure of a company. For example, ownership interests in Master Limited Partnerships (MLPs) and Real Estate Investment Trusts (REITs) are not structured as "shares," but instead are typically structured as "units" (e.g., MLP Units) or REIT Shares of Beneficial Interest (SBI), usually for the purpose of maximizing tax efficiency.

Features and Characteristics

- Generally, more liquid than other products if traded on an exchange;
- Some offer dividends;
- Some have voting rights; and
- Relatively low minimum investment amounts, when compared to other products.

Risks

- Can lose value based on poor performance of the issuer or during periods of low trading activity (e.g., illiquidity);
- No FDIC insurance; and
- Rights are junior to other creditors (e.g., bondholders) in the event of bankruptcy.

Considerations

- General Market Risk: Stock prices of companies with excellent results and fundamentals can decrease materially for substantial periods of time (e.g., in a bear market).
- Tax Considerations: Certain equity investments, such as MLPs and REITs, may pass tax liabilities directly to investors. Please consult a tax advisor.
- Initial Public Offerings: Investments in equity securities of newly-listed public companies have their own considerations. Please visit www.sec.gov/files/ipo-investorbulletin.pdf for an overview.

Costs and Fees Paid by Clients

- Commissions;
- Markups or Markdowns: When equities are purchased or sold from our inventory, a markup or markdown (analogous to a commission) will be charged;
- Initial Public Offerings: Investments in equity securities of newly-listed public companies could have additional fees, which will be described in the applicable offering documents.

Compensation

Cantella & Your Financial Professional

- Commissions;
- Principal Transactions: Cantella may earn a trading profit in connection with such transactions, known as a spread, which is the difference between the amount we paid for the security and the amount a client pays;
- Initial Public Offerings/Secondary Offerings: The public offering price of a newly issued security also includes a sales concession, which represents the amount paid to us in connection with your purchase of the security;

- Additional costs and fees may be paid to us as described in *Section III—Compensation, Costs and Fees*.

Product Limitations

Please see the *Trading and Execution Services* section below and the *General Product Limitations* section above.

Fixed Income

Product Description

Most fixed income securities are debt instruments offering investors defined cash flows, a fixed amount of interest, and a specific timeline for return of the par or face value on the bond. In general, specific characteristics of higher quality fixed income causes it to be one of the most predictable asset classes and thus a more conservative means to protect an investor's wealth and/or to provide steady income. Additional information about fixed income securities is available at: www.cantella.com

Features and Characteristics

Insurance: Some fixed income securities are insured. Any guarantees such as that of the United States government, FDIC, or any other insurance applies only to the face value of the investment and not to any premium paid, nor does it protect the investor from market risk. There is always the risk that the insurer itself could declare bankruptcy or otherwise fail to meet its obligations under the insurance terms.

Optionality: Optionality refers to special options available to either the issuer or the bondholder. A common option is a call feature. An issuer with a call option is allowed to "call" or retire the bond issue on a predetermined date, at a predetermined price or according to a predetermined formula, prior to the stated maturity date. Callable bonds often provide investors higher yields versus non-callable bonds to compensate investors for the additional risk associated with a call. An issuer would typically call a bond if interest rates are lower and it is advantageous to them to reissue new debt at a lower interest rate. Conversely, a put feature allows the investor, or bondholder, to "put" (retire) a bond early and retrieve their invested principal prior to the maturity date, subject to limitations. Additionally, some bonds have a convertible feature, allowing the holder to convert the bond into stock of the issuing company.

Redemption Provisions: These provisions provide the issuer an option to repay principal prior to maturity and may change the term of the investment, which may affect price or yield calculations.

Estate Protection Feature (Survivor's Option): Certain bonds include a feature allowing the estate of the beneficial holder to redeem the bond for face (par) value in the event of the beneficial holder's death, regardless of the price at which the security is trading at that time. If the security has a zero coupon, then it will be redeemed at the accreted value. As certain limitations may apply such as holding periods or annual limitations, please refer to each individual issuer's offering documents. Brokered certificates of deposit (CDs) also generally include an estate protection feature.

Original Issue Discount (OID): These securities are issued at a price less than the stated redemption price at maturity. OID may be deemed interest income and may be reportable for tax purposes as it accrues whether or not you receive any interest payments from the issuer during the year. Please consult with your tax advisor regarding specific OID tax treatment.

Step-Up Coupon Securities: These securities increase their coupon payments over a period of time according to a predetermined schedule, unless called at the issuer's option. Coupon adjustments may not reflect changes in interest rates. When investing in a step-up security, you may be accepting lower yields initially than comparable fixed-rate securities in return for the potential of receiving higher yields over the life of the investment. However, there is a greater likelihood that the issuer will call these bonds when prevailing interest rates are lower than the current coupon, potentially affecting the yield on the security.

Variable Coupons: Also referred to as "floater" or "adjustable" rate bonds, these pay interest at rates which vary over time and are tied to a specific index such as Treasuries, the London Interbank Offered Rate (LIBOR), an inflation index, or some other benchmark or combination of indices. Interest payments may fluctuate. Variable rate bonds provide the holder with additional interest income if the underlying rates rise, or with reduced interest income if the rate falls. On July 27, 2017, the United Kingdom's Financial Conduct Authority (FCA) announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR rates after 2021. A change in the reference rate may have a material impact on the value of any securities based on or linked to a LIBOR benchmark.

Zero Coupon Bonds: These securities may have higher price fluctuations since there are no regular interest payments. These are bonds issued at a deep discount. The redemption is for the full-face value making up for the lack of periodic interest payments through a lump sum payout at maturity.

Risks

Credit Risk: Generally, bonds with a lower credit rating indicate a higher potential for financial risk and will generally command a higher offering yield. Conversely, bonds with a higher credit rating indicate less likelihood for financial difficulties and generally provide a lower yield to investors. The absence of a rating may indicate that the issuer has not requested a rating evaluation, insufficient data exists on the issuer to derive a rating, or that a rating request was denied. Non-rated securities tend to be more speculative in nature and are less liquid. Although rating agencies assist in evaluating the creditworthiness of an issuer, ratings are not recommendations to buy, sell or hold a security, nor do ratings remove market risk. In addition, ratings are subject to review, revision, suspension, reduction, or withdrawal at any time, and any of these changes in ratings may affect the current market value of your investment. A rating agency may also place an issuer under review or credit watch, which may be another indicator of a future rating change. Your trade confirmations, online accounts, and monthly statements display only the ratings of those rating agencies to which we subscribe. For more information on rating agencies, including important disclosures regarding the rating process, please visit:

- www.moodys.com
- www.standardandpoors.com
- www.fitchratings.com

Default Risk: Default is the obligor's inability to remain solvent and pay any outstanding debt obligations in a timely manner. Adverse changes in the creditworthiness of the issuer (whether or not reflected in changes to the issuer's rating) can decrease the current market value and may result in a partial or total loss of an investment.

Interest Rate Risk: Generally, as interest rates rise, the price of a bond will fall and conversely, as interest rates fall, the price of a bond will rise. The yield offered on bonds is based upon a collective associated-risk evaluation, coupled with a market-determined spread over a similarly traded riskless transaction (historically measured versus a similar maturity U.S. Treasury bond). As interest rates fluctuate, the yield on most bonds will be adjusted accordingly.

Reinvestment Risk: Timing of reinvestment of returning interest or principal can cause an investor's return to fluctuate. In a falling interest rate environment, an investor will likely benefit from higher coupons and longer maturities as this prevents the need to reinvest into a lower, less favorable interest rate environment. If interest rates are rising, higher coupon and/or short maturities allow an investor to take advantage of rate increases and put their money to work at improving interest rates.

Liquidity Risk: Liquidity is the ability to sell (liquidate) a position. Many fixed income securities trade in an active secondary market and many broker/dealers, including us, may maintain a secondary market in securities; however, there is no assurance that an active market will be maintained.

Purchasing Power Risk: The risk that, over time, inflation will lower the value of the returned principal. This means that an investor will be able to purchase fewer goods and services with the proceeds received at maturity.

Non-U.S. Bonds: These securities are subject to additional risks, including without limitation, liquidity, currency fluctuations, differing accounting standards, political and economic instability, and differing tax laws.

Common Types of Fixed Income Securities

Brokered Certificates of Deposit (CDs): purchased through a securities broker and held in a brokerage account are considered deposits with the issuing institution and are insured by the Federal Deposit Insurance Corporation (FDIC). FDIC deposits are insured up to $250,000 per issuer (including principal and interest) for deposits held in different ownership categories, including single accounts, joint accounts, trust accounts, IRAs, and certain other retirement accounts. Brokered CDs are redeemable at par upon the death of the beneficial owner. Only the par or face value (not the premium paid) is FDIC-insured. Additional information is available from:

- www.fdic.gov/deposit/deposits/index.html
- www.sec.gov/investor/pubs/certific.htm
- www.cantella.com/investor-disclosures.php

Corporate Bonds: debt obligations issued by U.S. and foreign companies, most of which represent unsecured promises to repay the principal at a pre-determined future date, although some may be secured by a lien on certain corporate assets. In most instances, the issuing company also agrees to pay interest to investors. As bonds are obligations of the issuer to pay back borrowed funds, they generally have a higher priority to pay interest prior to any dividend distributions on the issuer's preferred or common stock.

GSE securities are issued by government-sponsored enterprises (GSEs). Payment of principal and interest is the obligation of the issuer. These securities are also known as agency securities. Although they are not guaranteed by the U.S. government, they maintain an implied backing. They are subject to market risk if sold prior to maturity.

Ginnie Mae (GNMA): securities that are backed by the full faith and credit of the United States Government.

Mortgage-backed securities and Collateralized Mortgage Obligations: priced based on an average life, which includes prepayment assumptions that may or may not be met, and changes in prepayments may significantly affect yield and average life. The actual maturity date may be shorter than stated. For more information, please review FINRA's Investor's Guide to Mortgage Securities and collateralized mortgage obligations at www.finra.org.

Tax-Exempt Municipal Bonds: issued by state and local governments as well as other governmental entities to fund their capital expenditures, such as the construction of highways, hospitals, schools, and sewer systems. Interest on these bonds is generally exempt from federal taxation and may also be free of state and local taxes for investors residing in the state and/or locality where the bonds were issued. However, municipal bonds may be subject to the federal alternative minimum tax (AMT), and profits and losses on bonds may be subject to capital gains tax treatment. Municipal securities may lose their tax-exempt status if certain legal requirements are not met, or if tax laws change. Additional information about individual municipal securities is available on the Electronic Municipal Market Access website (EMMA) of the Municipal Securities Rulemaking Board (MSRB) at www.emma.msrb.org.

Taxable Municipal Bonds: issued by state and local governments as well as other governmental entities to fund redevelopment districts, stadiums, pensions, utilities, and other projects. Interest or other investment return is included in gross income for federal income tax purposes and may also be subject to state and local income tax. A municipal security may be issued on a taxable basis because the intended use of proceeds does not meet federal tax law requirements for the exclusion from gross income, because certain other federal tax law requirements are not met, or because the issue qualifies for a tax credit or subsidy. Additional information about individual municipal securities is available on the EMMA website at www.emma.msrb.org.

Preferred Securities: comparable to fixed income investments as their coupon/dividend payments are generally fixed over the term of the investment and will react similarly to other debt investments to changes in market conditions. Some preferred securities pay variable payments that fluctuate and may provide the holder with additional income if the underlying rates rise or with reduced income if the rate falls. Please refer to description of "Variable Coupons" paragraph referenced above. Preferred securities present a greater risk than corporate bonds because they are generally subordinate to debt in liquidation priority. Preferred securities are quoted on either a current yield basis, or a yield-to-call basis if trading at a premium. For preferred securities that pay dividends, the dividend is paid at the discretion of the issuer's board of directors and holders generally do not have voting rights. Preferred dividends may be cumulative or non-cumulative. Some preferred securities may have a deferred interest feature, which allows the issuer, in certain circumstances, to defer payments between 5 to 10 years or longer depending on the security. The deferred income will generally accumulate, and may be treated as ordinary income for the year in which it is accrued, even though the holder of the security receives no payment until the issuer reinstates interest payments. If deferred, the ability of the issuer to reinstate interest payments is subject to the creditworthiness of the issuer. Changes in income payments may significantly affect yield and final term of the investment and consequently the price may decline significantly. Additionally, preferred securities generally carry no change of control provisions.

U.S. Treasury securities: issued and guaranteed by the U.S. government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value. U.S. government bonds are guaranteed as to the timely payment of principal and interest; however, these securities are subject to market risk if sold prior to maturity. The U.S. Treasury also issues two-year maturity floating rate notes that pay interest and adjust payments quarterly, as well as Treasury Inflation-Protected Securities (TIPS) for which the principal is adjusted periodically to reflect changes in the Consumer Price Index. Since interest is paid on the adjusted principal, the semi-annual payments may fluctuate. At maturity the investor receives either the higher adjusted principal or the face value.

Costs and Fees Paid by Clients

Like other investments, fixed income securities purchased as new issues take place in the primary market and most bonds bought or sold after the issue date occur in over-the-counter secondary markets which do not generally publish closing prices. Two websites offer information about the prices of transactions in specific bonds including trade history as well as additional market data, offering disclosure documents and education material. For municipal bonds, please visit EMMA at www.emma.msrb.org. For other bonds and fixed income securities, please visit bondfacts.finra.org.

- Primary Market: Details of costs and fees incurred in new issue purchases are disclosed on trade confirmations and in the applicable offering documents.
- Secondary Market: The price paid by you (and by extension, the amount received by us and your financial professional) may be increased or decreased by a markup or markdown, respectively. Markups and markdowns are based on the prevailing market price at the time of trade and represent compensation paid to the representative and us. In addition to any markup or markdown, you should expect that we will realize a trading profit or loss on a secondary market transaction.

Compensation

Primary Market: Compensation from the issuer on sales of new issue fixed income securities is generally embedded in the initial offering price through a sales concession or placement fee paid to your financial professional, clearing firm, and Cantella.

Secondary Market:

- Your purchase or sale of a fixed income security in the secondary market executed on a principal basis may include a markup or markdown paid to your financial professional, clearing firm, and Cantella. The price paid or received may also result in a trading profit or loss to us.
- Your purchase or sale of a fixed income security in the secondary market executed in a riskless principal or agency capacity may include a commission paid to financial professional and Cantella.

Additional Information

Before investing in any fixed income investment, we encourage you to read the relevant offering documents, which are available from the issuer and your financial professional. Trade confirmations should also be carefully reviewed and will disclose additional information regarding the capacity in which we are acting and information regarding compensation.

Fixed income products are available for purchase as a standalone investment; however, they may also be available as a part of other products, such as a Unit Investment Trust, or as part of a separately managed account, which offers different risks, benefits, and potentially different costs and fees. These costs and fees could be more or less than those paid by purchasing the product individually.

Unit Investment Trusts (UITs)

Product Description

UITs are an SEC-registered investment company that issue redeemable securities created by a UIT Sponsor. These securities are generally "not actively traded" portfolios of either equity and/or fixed income securities with a stated pre-defined investment objective or strategy. Typically, the vast majority of UITs purchased are not traded or redeemed significantly in advance of maturity without a client-specific need for liquidation or specific changes in the economic environment. Additional information about UITs is available at www.cantella.com.

Common Types of UITs

Equity UITs

Strategy portfolios: Seek to outperform a benchmark, such as a specific widely held index, using fundamental screens that reflect the historical behavior of the securities.

Income portfolios: Typically seek to provide dividend income and may also provide potential capital appreciation.

Asset allocation portfolios: Invest in different asset classes, styles, and capitalizations, and are designed to meet specific investment objectives to help better manage investors' asset allocation needs.

Sector Portfolios: Invest in companies involved in a specific industry such as energy, health care, financial services, or technology.

Hybrid Portfolios: Invest in various underlying holdings, including equities, closed-end funds, and Exchange Traded Funds (ETFs). Many UITs will combine multiple securities within the same portfolio to gain exposure to different areas of the market.

Fixed Income UITs

Tax-Free Fixed Income: Invests in a pool of bonds that provide monthly or semi-annual income exempt from federal income taxes, and in some cases, state income taxes.

Taxable Fixed Income: Invests in a pool of bonds that may include taxable municipal issues, corporate issues, or agency issues that provide monthly or semiannual income.

Features and Characteristics

Greater Diversification: Since a UIT portfolio represents pro-rata ownership in a pool of securities, it provides a higher level of diversification than an investment in a single security; however, diversification does not ensure profit or protect against loss.

Daily Liquidity: A UIT can be redeemed daily at net asset value, which may be more or less than the original purchase price.

Rebalancing Opportunities: When the portfolio terminates, investors have the option to reinvest their proceeds into a new, rebalanced portfolio. Rebalancing may cause a taxable event unless units of the portfolio are purchased in an IRA or other qualified plan, and rebalancing does not ensure profit or protect against loss.

Discipline: Unlike actively managed funds, the securities in the UIT remain fixed over the life of the investment.

No Manager-Driven Style Drift: Because a UIT is clearly defined and not actively managed, there will be no style drift as a result of manager-driven trading.

Capital Gains: In the case of equity-related securities held in the UIT, there are no embedded capital gains. Capital gains taxes are only paid if there is a profit at the time of UIT termination or liquidation.

Termination Features: Upon the termination date of the portfolio, the remaining securities are sold/distributed and the investor has different options for the investment proceeds:

- Option #1: Rollovers - Investors may roll over into a new series of the same trust, if available, or into another UIT available in the primary market.
- Option #2: Maturity - Investors may do nothing and allow the portfolio units to mature. The trust will liquidate and they will receive a cash distribution of the trust's proceeds, if any.
- Option #3: In-kind distribution - Investors may generally request an in-kind distribution of the stocks underlying the units if certain minimum requirements are met. Please refer to the trust prospectus for more complete in-kind distribution information and provisions. In-kind distribution is generally available for stocks traded and held in the United States. In-kind distribution may be modified or discontinued at any time without notice.

Risks

Upon termination there is no assurance the value of the UIT will be equal to or higher than the original price.

There is no assurance that an individual UIT portfolio will meet its objective. UITs are not actively managed and underlying securities will not be sold to take advantage of market conditions. UITs are not bank deposits and are not insured or guaranteed by the FDIC or any other government agency.

Costs and Fees Paid by Clients

All fees related to UITs, including estimates of ongoing operating expenses and organizational costs, are listed in the "Fee Table" of the trust's prospectus.

Sales Charge: Sales charges for UITs vary based on the maturity of the trust (or the maturity of the underlying bonds if the trust invests in individual bonds). The sales charge is paid over a time period that is set forth in the applicable prospectus, and can include an initial and a deferred sales charge (from which a commission is paid to us and your financial professional) and a creation and development (C&D) fee (which compensates the sponsor for creating and developing the trust). If a client sells or redeems an interest in a UIT prior to the trust maturing, any outstanding sales charges will be deducted from the amount the client receives related to such sale. UITs may also be available for purchase through select fee-based or advisory accounts offered by us. Instead of paying the initial (if applicable) and deferred sales charges, clients in wrap fee-based accounts pay a fee that is billed quarterly and based on a percentage of the total value of the account's eligible securities. Wrap fee-based clients will still pay any C&D fee and any operational expenses incurred by the trust.

Organizational Charge: Estimated costs of organizing and structuring the UIT.

Annual Operating Expenses: Includes annual operating expenses such as portfolio supervision, bookkeeping, administrative and evaluations fees, and any trustee fees.

Compensation

A portion of the sales charge as a commission on the purchase of a UIT. (We do not receive a commission on the redemption of a UIT.)

Other Potential Conflicts of Interest

UITs are available for purchase as a standalone investment; however, they may also be available as part of other products, such as part of a separately managed account, which offer different risks, benefits, and potentially different costs and fees, which could be less than those paid by purchasing the product individually.

Additional Information

Before investing in any UIT, we encourage you to read the relevant prospectus, which is available from the issuer and your financial professional.

Mutual Funds

Product Description

A mutual fund is a collection of securities owned by a group of investors and managed by a professional investment adviser. A mutual fund pools investors' money to invest in a specific asset class or classes by investing in individual, or a combination of several, underlying securities including, but not limited to, stocks, bonds, money market funds, options, and currencies. Most mutual funds have a particular objective such as immediate income, income and growth, or long-term growth.

Features and Characteristics

- Professional management
- Potential diversification
- Daily pricing and redemption
- Low minimum investment amounts
- Generally lower management-related expenses when compared to other forms of professionally advised investments

Ongoing Costs

- Management and operational fees
- "12b-1" or "Shareholder Servicing" fees

Sales Charges (commonly referred to as "loads")

Front End Load such as Class A Shares: This share class has an up-front sales charge that is typically around 5.75%, and no deferred sales charge unless there is an imposed short-term redemption fee. Its annual operating expenses are lower than most C shares, but generally higher than most advisory share classes. Typically, these funds pay the representative an annual 12b-1 fee, which is generally 0.25%. This share class may be appropriate for investors that may qualify for breakpoints, as per the fund's prospectus, and those who expect to be longer term investors.

Back End Load such as Class B Shares: This share class has no upfront sales charge, but asses a deferred sales charge if sold within a prescribed time period as stated in the fund's prospectus. Its annual operating expenses are generally higher than most A shares, but often once the prescribed hold time expires an investor's shares may convert from Class B to Class A for lower ongoing expenses. This share class may be appropriate for investors that do not qualify for breakpoints, want their full sum invested into the fund immediately, and intend to hold their investment longer term.

Level Load such as Class C Shares: This share class has an up-front sales charge that is typically around 1%, and generally a 1% deferred load if redeemed within a short time frame (generally 12-18 months). Its annual operating expenses are generally higher than most advisory and A share classes, and can typically pay the financial professional a 1% annual 12b-1 fee. This share class may be appropriate for investors that do not qualify for breakpoints, and/or intend to hold their investment for a shorter time period.

No Load: These investments do not impose a sales charge and you typically buy shares directly from the investment fund company. The same fund may be available with a load through a financial professional. While no load funds have no sales charges, they may still charge 12b-1 fees, purchase fees, redemption fees, exchange fees, and account fees in addition to the operating fees that all funds charge.

Retirement Share Class (Class R Shares): The R-class shares of mutual funds are available only through work-based retirement accounts. You cannot purchase them on the open market. Unlike some other popular share classes, R-class shares do not carry a sales charge. However, you should be aware of the annual expenses that they sometimes carry.

Load Waived: If permitted by the issuer, some investments may be purchased on a net of commission basis. The load waived fund is a fund offered by a financial professional or adviser who might waive the load but keep other fees such as the 12b-1 fee.

Advisory Share Classes: This share class has no up-front sales charge, or deferred sales charge unless the fund imposes a short-term redemption per the prospectus. Its annual operating expenses are generally lower than A and C shares, and do not pay the representative 12b-1 fees. This share class may be appropriate for investors who do not want to pay sales charges and prefer to pay advisory fees for ongoing representative asset management.

Reducing Sales Charges

Breakpoints: Fund families often offer discounts on the sales charges for Class A shares based on the total amount you have invested with the fund family. Such discounts could significantly reduce, and in some cases eliminate, the sales charge that clients pay. The level at which you qualify for the discount is the "breakpoint."

Rights of Accumulation: These allow you to combine your existing investments in a fund family with your new purchases to reach a breakpoint. You must inform your financial professional of any outside holdings they may be unaware of.

Letters of Intent: You can take advantage of rights of accumulation from the time you make your initial share purchase by agreeing to invest a certain dollar amount over a specified period of time. However, if the amount stated for investment in the letter of intent is not invested, the mutual fund can retroactively charge you the higher sales charge amount.

Net Asset Value ("NAV") Transfers and Buybacks: After you redeem your fund shares, some fund families will allow you to "buy back" into certain funds within a certain time frame without a sales charge for Class A shares.

Exchanges: If you select funds that are part of a family of funds and purchase Class A shares in a commission-based account, then you can switch among the funds in the family without incurring additional sales charges.

Other discounts and fee waivers may apply based on certain criteria—please refer to the applicable prospectus or the mutual fund's statement of additional information.

Redemption Fees

Mutual funds are generally part of a longer-term investment strategy, and some mutual fund companies will impose a redemption fee (also called an exit fee, a market-timing fee, or a short-term trading fee) if shares are sold within a certain time period, as outlined in the prospectus.

Compensation

- Portion of the commission/sales charge, which varies in amount by fund.
- Portion of 12b-1 or shareholder servicing fees, which varies in amount by fund.

Cantella Compensation

- Payments from certain mutual fund companies for education and marketing support services (sometimes referred to as revenue sharing).
- Additional costs and fees may be paid to us as described in *Section III—Compensation, Costs and Fees*.

Product Limitations

Funds available for purchase through us are generally limited to fund companies that provide us with the compensation described above, with a few exceptions, and that have been positively evaluated through the due diligence process. Thus, not all mutual funds available to the investing public will be available to you through Cantella, including some funds with lower fees and expenses.

We may not make available all share classes offered by a fund company for which a client might otherwise be eligible to purchase. This means that lower cost share classes might not be available to you through Cantella, even though you might otherwise be eligible to purchase those lower share classes elsewhere.

Please refer to the *General Product Limitations* section above.

Additional Information

Prospectus: Before investing in any mutual fund, we encourage you to read the relevant prospectus, which is available from the fund company and your financial professional, and to review the investment manager's experience, qualifications, tenure, and track record.

Mutual Funds vs ETFs: There are a variety of ways to invest in the market and many products offer the same or similar strategies and investments, but are structured or packaged in different ways. One example is exchange traded funds ("ETFs"), which share many characteristics with mutual funds, but have some important differences. Both are suitable options if you are looking for low minimum investment amounts. ETFs offer slightly more price variation—you can buy or sell as the price changes throughout the day, whereas mutual fund prices are held constant for an entire day. Mutual funds generally have more active management whereas ETFs are generally passive and designed to track the market index. There are other relevant factors to consider when choosing an investment, such as liquidity and specific product costs. You should speak with your financial adviser about which options may be best for you.

No FDIC Insurance: While money market mutual funds are often considered cash alternatives and are traditionally lower risk products, they are not insured by the FDIC. If cash was held at a registered bank entity, you could receive the additional protection of FDIC insurance.

Closed-End Funds

A closed-end fund, legally known as a closed-end investment company, is one of three basic types of investment companies. The two other types of investment companies are open-end funds (usually mutual funds) and unit investment trusts (UITs).

Product Description

Closed-end funds (CEFs) are publicly traded investment vehicles that are actively managed by investment advisory firms. CEFs have many characteristics that are similar to other pooled investment products, but also have several unique structural differences that should be understood before purchasing shares of a CEF. Shares of CEFs are offered through an initial public offering (IPO), after which they are traded on a stock exchange, similar to equities. The number of shares traded after an IPO are then fixed and the fund is "closed" to additional investment. Similar to open-end mutual funds, each closed-end fund has a net asset value (NAV) which is calculated as net assets of the fund divided by shares outstanding. Unique to closed-end funds, however, buyers and sellers interact throughout the day in an exchange, providing intraday liquidity. As a result of trading in the secondary market, CEFs will have both a market price and a net asset value (NAV). The market price of the fund will then fluctuate based on supply and demand and the value of the underlying securities, which will often lead to a disconnect between price and NAV. This imbalance is what is described as a premium (when a fund's market price is above its NAV) or a discount (when a fund's market price is below its NAV). This is one of the characteristics that differentiate CEFs from their open-end mutual fund counterparts.

Features and Characteristics

- A closed-end fund generally does not continuously offer its shares for sale but instead sells a fixed number of shares at one time. After its initial public offering, the fund typically trades on a market, such as the New York Stock Exchange or the NASDAQ Stock Market.
- The price of closed-end fund shares that trade on a secondary market after their initial public offering is determined by the market and may be greater or less than the shares' net asset value (NAV). Shares that sell at a price higher than the NAV are said to be sold at a premium, and shares that sell at a price lower than the NAV are said to be sold at a discount.
- A closed-end fund generally is not required to buy its shares back from investors upon request. That is, closed-end fund shares generally are not redeemable. In addition, they are allowed to hold a greater percentage of illiquid securities in their investment portfolios than mutual funds are. An "illiquid" security generally is considered to be a security that cannot be sold within seven days at the approximate price used by the fund in determining NAV.
- Closed-end funds are registered with the SEC and subject to SEC regulation. In addition, the investment portfolios of closed-end funds typically are managed by separate entities know as investment advisers that are also registered with the SEC.
- Closed-end funds typically pay distributions on a monthly or quarterly basis. These distributions can include income generated by the fund – interest income, dividends, or capital gains – or a return of principal/capital. A return of principal/capital reduces the size of the fund's assets. Closed-end funds are required to send a written notice - called a 19(a) notice - whenever distributions include a return of capital.
- There are many varieties of closed-end funds. Each may have different investment objectives, strategies, and investment portfolios. They also can be subject to different risks, volatility, and fees and expenses. Fees reduce returns on fund investments and are an important factor that investors should consider when buying shares.

Risks

- Investor sentiment for a particular portfolio manager, fund sponsor, sector, or investment style of a CEF all interact to push the price of a fund to a discount or premium.
- Potential illiquidity of shares since shares cannot be purchased or sold directly through the fund company; liquidity is subject to the fund's trading volume in the market.
- CEFs typically trade at a premium to NAV immediately after their IPO.
- Many CEFs utilize lower-quality securities with leverage to enhance yield, which can generate principal losses, particularly in periods of rising interest rates
- A closed-end fund invests the money raised in its initial public offering in stocks, bonds, money market instruments and/or other securities.

Costs and Fees Paid by Clients

Management and operational fees, as more fully described in the applicable prospectus. This includes the cost of borrowing if applicable.

Compensation

Financial Professional: Commissions on purchases and sales.
Cantella Compensation: Additional costs and fees may be paid to us as described in *Section III—Compensation, Costs and Fees*.

Product Limitations

Please refer to the *General Product Limitations* section above.

Additional Information

Closed-end funds ("CEF''s) come in many varieties. They can have different investment objectives, strategies, and investment portfolios. They also can be subject to different risks, volatility, and fees and expenses. Before investing in any CEF, we encourage you to read the relevant prospectus and the CEF's most recent shareholder report, which is available from the fund company and your financial professional.

CEFs differ in many respects from mutual funds (also known as open-end funds). Both generally benefit from active professional management, diversification, and defined investment objectives; however, mutual funds issue and repurchase shares directly with the fund sponsor, as needed. Mutual fund shares are issued or redeemed by the sponsor at NAV, which is calculated at the end of the trading day. In contrast, CEF have a fixed number of shares that are bought and sold in an intraday market at prices determined by supply and demand. Therefore, in a mutual fund, the price an investor pays reflects the value of the underlying securities, rather than demand for the fund. Conversely, CEFs trade in the secondary market, with prices fluctuating throughout the day. CEFs do not incur the ongoing costs associated with creating and redeeming shares and typically have lower fees than standard mutual funds. There are also no minimum investment restrictions or minimum holding periods on purchases of CEF shares.

You should carefully read all of a fund's available information, including its prospectus and most recent shareholder report before purchasing fund shares.

Exchange-Trade Products

Product Description

Exchange-Traded Products ("ETPs") are investment products that are listed on a national stock exchange and can be bought and sold in the equity trading markets. ETPs encompass a number of structures which track an underlying benchmark, index, or portfolio of securities and commodities. ETPs may be structured as registered unit investment trusts (UITs), exchange-traded funds (ETFs), exchange-traded notes (ETNs), grantor trusts, or commodity pools.

The majority of ETPs are structured as UITs or ETFs whose shares represent an interest in a portfolio of securities that track either an underlying benchmark or index. In order to achieve their objectives, ETPs generally either (a) directly invest in assets such as stocks, bonds, currencies, or commodities that underlie the benchmark, or (b) utilize a representative sampling strategy that attempts to achieve a similar performance to the benchmark without investing in all of the underlying securities of the benchmark. Further description of each ETP's underlying portfolio is available in the respective ETP's prospectus.

A number of ETPs employ, to varying degrees, more sophisticated financial strategies and instruments such as leverage, futures, swaps, and derivatives, in order to achieve their investment objectives. Those ETPs are commonly referred to as "Non-Traditional ETPs." Non-Traditional ETPs are more complex than traditional ETPs and may not be appropriate for all investors. These may include some ETNs, leveraged or inverse ETPs, some actively-managed ETPs, futures-linked ETPs, volatility ETPs, and other products. Additional information is available at: www.cantella.com/investor-disclosures.php

Types of ETPs:

Passive or Non-Managed ETPs: These products seek to replicate the performance of an index or benchmark that they track.

Leveraged and Inverse ETPs: Two types of passive or non-managed ETPs are leveraged ETPs and inverse ETPs. Leveraged ETPs seek to deliver multiples of the performance of the index or benchmark they track, whereas inverse ETPs seek to deliver the opposite of the performance of the index or benchmark they track. Most leveraged and inverse ETPs "reset" daily, meaning that they are designed to achieve their stated objective on a daily basis, and meaning that they are highly subject to volatility risk.

Actively-Managed ETPs: These products do not seek to replicate the performance of a specified passive index of securities. Instead, they use an active investment strategy to attempt to meet their investment objective. An investor's decision would usually be based on their assessment as to whether the ETP investment manager can select securities that will lead to outperformance versus the benchmark, net of the ETPs fees, over a given market cycle or longer period of time.

Volatility ETPs: Some "Non-Traditional ETPs" may use a volatility component as a part of their overall strategy, while other ETPs may identify exposure to volatility as a primary investment objective. Furthermore, some products may seek inverse, leveraged, or leveraged inverse exposure to the CBOE Volatility Index (VIX). Volatility ETPs are not based on, nor do they track, the returns of the VIX, and thus the performance of a volatility ETP will not actually mimic the performance of the VIX.

Exchange-Traded Notes ("ETNs"): A common name for a senior, unsecured debt obligation designed to track the total return of an underlying market index or other benchmark, minus investor fees. The repayment of the principal, interest (if any), and any returns at maturity or upon redemption are dependent on that issuer's ability to pay. Thus, the issuer's potential to default is an important consideration for ETN investors.

Exchange-Traded Funds ("ETFs"): These products are typically managed by an investment company whose primary objective is to achieve the same or similar return as a particular market index. ETFs are similar to index funds in that they are primarily invested in the securities of companies that are included in a particular market index. ETFs can be invested either in all of the securities or in a representative sample of the securities included in the index. ETFs may be bought or sold throughout the day on the secondary market, but are generally not redeemable by non-institutional investors for the underlying basket of securities they track. ETFs are more appropriate for those willing to achieve market-like returns, with lower management fees and operating expenses, but with little potential to outperform the respective indexes the funds track.

Features and Characteristics

- Professional management.
- Low minimum investment amounts.
- Generally lower management-related expenses than mutual funds.

Risks

- If you hold leveraged or inverse ETPs for long periods of time, their performance can diverge significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period. This could lead to increased levels of risk, including without limitation, market risk, volatility risk, liquidity risk, and positive and negative compounding risk. This effect can be magnified in volatile markets and thus these products are primarily appropriate for short-term trading strategies.
- Actively-managed ETPs typically charge higher fees than ETPs that passively track an index.

- For ETNs, the repayment of principal, interest (if any), and any returns at maturity or upon redemption, are dependent on that issuer's ability to pay. Thus, the issuer's potential to default is a risk. Furthermore, if the issuer's credit rating is downgraded, the trading price of an ETN in the secondary market may be adversely impacted.
- Certain ETFs may be classified as partnerships for U.S. federal income tax purposes. This may result in unique tax treatment, including Schedule K-1 reporting.
- The buying and selling of contracts in the futures market, which could result in losses, could adversely affect the value of the index underlying your ETPs and, accordingly, decrease the value of your investment.
- Risks associated with municipal bond ETPs may include, without limitation, unmanaged investments, financial condition of the underlying issuers, limited diversification, market fluctuations, and illiquidity of the underlying securities.
- The ability of ETP issuers to perpetually create new shares contributes to ETPs efficiently and accurately tracking their respective indices. However, under certain circumstances, issuers may cease or suspend creating new shares, which may cause ETPs to trade at a price that differs significantly from the value of its underlying holdings or index. Furthermore, all ETPs may trade at a premium or discount to their NAV (or indicative value in the case of ETNs).
- Some ETPs may have low trading volumes, which could adversely impact your ability to buy or sell shares at the desired price and quantity.
- ETPs can be liquidated for a variety of reasons, which can cause forced taxable events for investors, including capital gains distributions. Furthermore, there can be closing costs associated with the final liquidation of the ETP as well as index tracking uncertainty as the ETP liquidates its assets.

Costs and Fees Paid by Clients

Management and operational fees, as described in the prospectus.

Compensation

Financial Professional: Commissions and potentially additional costs and fees as described in *Section III—Compensation, Costs and Fees*.

Cantella Compensation: Additional costs and fees may be paid to us as described in *Section III—Compensation, Costs and Fees*.

Product Limitations

Certain ETPs are only available on a limited basis due to the investment strategies or underlying investments employed by the product.

Please refer to the *General Product Limitations* section above.

Additional Information

Before investing in any ETP, we encourage you to read the relevant prospectus, which is available from your financial professional.

Alternative Investments

Product Description

Alternative investments are securities products that serve as alternatives to more traditional investment asset classes and may include investment products such as hedge funds, private equity funds, and private real estate funds.

Features and Characteristics

- Diversification;
- Access to managers not generally available to individual investors;
- Limited liquidity;
- Tax reporting considerations (some investments produce Form 1099s, while others produce Schedule K-1's); and
- Long-term strategies.

Risks

- Alternative investments involve substantial risks that may be greater than those associated with traditional investments, and are not suitable for all investors. They may only be offered to clients who meet specific suitability requirements, including minimum net-worth tests.
- Risks include, but are not limited to, limited liquidity, tax considerations, incentive fee structures, potentially speculative investment products, and different regulatory and reporting requirements.
- Alternative investments often have higher management fees than more traditional investments such as mutual funds.

Costs and Fees Paid by Clients

Fees and expenses related to alternative investments are often higher than those of more traditional investments. Each investment will differ in the types and calculation methodologies of fees and expenses, but the following are the primary categories of fees and expenses that are common to many alternative investments. You should review the offering documents carefully for a complete listing and description of all fees and expenses associated with a particular investment.

Management Fees: The fund manager for any particular investment will often charge a management fee that is based on the total value of your investment.

Incentive-Based Compensation: Many alternative investment managers receive incentive-based compensation (also known as incentive fees or carried interest) in addition to management fees. Incentive-based fees typically involve the manager retaining a percentage of the investment's profits generated for clients.

Upfront or Ongoing Servicing Fees or Placement Fees: Many alternative investments have upfront costs and ongoing fees, generally based on the total amount of your investment, directly related to compensating your financial professional and us, as described in the offering documents. You can expect that the total level of compensation received by us will be related to the total client capital placed with a particular manager or investment. Some of the upfront fees can be discounted at the discretion of your financial professional or by meeting certain volume discounts.

Redemption Fees: Some investments have direct or indirect costs related to liquidating your position, particularly if an investment is liquidated shortly after being purchased or if an investment is specifically designed to provide limited or no liquidity to investors. Redemption fees assessed by a manager are more fully described in the offering documents, as applicable.

Other Expenses: Alternative investment strategies may be accessed through a variety of legal structures, including mutual funds, limited partnerships, and limited liability companies. Investors may incur organizational and offering expenses that are related to the creation of the legal structure and marketing of the investment. These costs ultimately serve to decrease the amount of capital that is available to invest. Additionally, investors may incur other expenses that result based on the investment activity of the fund. For example, in a real estate fund, investors may be charged for expenses related to the acquisition of a property. In a hedge fund that shorts stock, there are costs associated with establishing and maintaining the short position. Generally, investors in alternative investment funds will also bear the cost of certain ongoing expenses related to administration of the investment. These expenses may include costs related to tax document preparation, auditing services, or custodial services.

Manager Fees & Expenses: Alternative investment managers may charge investors other fees and expenses. You should review the offering documents carefully for a complete listing and description of all fees and expenses associated with a particular investment.

Compensation

Financial Professional Compensation

Management Fees**:** A portion of management fees to which the investment's investment manager is entitled. The portion of management fees we receive can be up to 100% of the management fee collected by an investment manager.

Upfront or Ongoing Servicing Fees or Placement Fees: A portion of the upfront and ongoing servicing fees referenced in the immediately preceding section on costs and fees.

Additional costs and fees may be paid to us as described in *Section III—Compensation, Costs and Fees*.

Product Limitations

Alternative investments are only available to certain investors, based on the type of investment and the required qualifications for investors. Alternative investments can only be sold by certain financial professionals of our firm who have completed the applicable training. Alternative investments available for purchase through us are generally limited to issuers that provide us with the compensation described above, with a few exceptions, and that have been positively evaluated through the due diligence process. Thus, not all alternative investments available to the investing public will be available to you through Cantella, including some investments with lower fees and expenses, and potentially higher returns.

Please refer to the *General Product Limitations* section above.

Additional Information

Before investing in any alternative investment, we encourage you to read the relevant prospectus or offering document, which is available from your financial professional.

Structured Investments

Product Description

Also commonly known as Market-Linked Investments, a structured investment starts with an ordinary investment like a stock, exchange-traded fund (ETF), or market index, commonly referred to as the "underlier." The structured investment is designed (or "structured") around the underlier, linking its performance to the underlier in some manner. Structured investments are distinct in that they come in a wide variety, each with unique terms and conditions designed to achieve specific investment outcomes. Some offer greater protection against loss with moderate or limited growth potential, while others possess greater growth potential but come with less downside protection. Others offer the potential to pay attractive periodic coupons, dependent on the underlier's performance.

Structured investments are available in two distinct forms: market-linked certificates of deposit (MLCDs) and market-linked notes (MLNs).

Common Investment Objectives of Structured Investments

Risk-Managed Growth: Investors often want to see growth in their portfolio, but may wish to reduce their risk in achieving that growth. Structured investments provide a wide array of methods to participate in the performance of the underlier, often dependent on the amount of protection being offered.

Enhanced Income: For investors seeking enhanced income from their portfolio, structured investments can offer attractive coupon payments based on the performance of the underlier. The level of potential income depends on the underlier and level of protection provided by the terms of the investment.

Capital Preservation: MLCDs are designed to participate in some portion of the potential growth of the underlier. When held to maturity, MLCDs offer protection against possible declines in the underlier, and are insured by the FDIC. By investing in a MLCD, an investor forgoes the fixed payment of a traditional CD in exchange for the potential to earn a higher return based on the performance of the underlier. Certain MLNs may also offer capital preservation, subject to the credit risk of the issuer.

Risks

All investments possess risks that should be considered prior to investing. While each individual structured investment possesses unique risks, general considerations include:

Creditworthiness of the Issuer: While MLCDs are fully principal-protected (when held to maturity) and FDIC insured, MLNs are backed by the creditworthiness of the issuing firm. Similar to traditional bonds, if an issuer were to become insolvent, you are unlikely to receive all of your investment as detailed by the investment's terms. Understanding the credit risk associated with any structured investment is important.

Liquidity and Statement Value: Structured investments are designed to be held to maturity. While a guaranteed secondary market does not exist for structured investments, issuing firms will often offer to buy back investments prior to maturity, typically at a discount. This discounted value is reflected in your account during the term of the investment and represents the amount you could expect to receive if you chose to sell prior to maturity.

Fees: Structured investments typically involve greater fees than investing directly in the underlier. These fees are typically stated on the front page of the investment's offering documents and should be considered when assessing the merits of any investment.

Performance: Even with protection features, an MLN investor can suffer a loss based on the terms and performance of the underlier. Understanding trade-offs and scenarios where the structured investment outperforms or underperforms the underlier is important when setting performance expectations. For instance, dividend payments on underliers are typically not captured by structured investments.

Complexity: Structured investments are often less familiar than traditional investments. Therefore, before deciding whether structured investments are right for you, review the terms and conditions outlined in the investment's offering documents and consult your financial professional.

Costs and Fees Paid by Clients

Commission: You will typically pay a commission/sales charge when you buy a structured investment within a brokerage account; no commission is paid on the sale of a structured investment.

Structuring Fee (i.e., costs for creation and maintenance of the product): A portion of the purchase price incurred on the purchase of a structured investment; no structuring fee is paid on the sale of a structured investment.

Compensation

Financial Professional Compensation: Commission.

Cantella Compensation: Costs and fees may be paid to us as described in *Section III—Compensation, Costs and Fees*.

Product Limitations

Please refer to the *General Product Limitations* section above.

Equity-Linked Notes

Product Description

Equity-Linked Notes (ELNs) are similar to certain other Market-Linked Investments, starting with a basket of individual equity stocks, commonly referred to as the "underlier." However, the ELN does not contain any optionality within the structure and is designed (or "structured") to pass through the underlier performance.

Common Types

Strategy portfolios: Seek to outperform a benchmark, such as a specific widely held index, using fundamental screens that reflect the historical behavior of the securities.

Income portfolios: Typically seek to provide dividend income and may also provide potential capital appreciation.

Sector portfolios: Invests in companies involved in a specific industry such as energy, health care, financial services, or technology.

Considerations of Structured Investments

All investments contain risks that should be considered prior to investing. While each individual ELN possesses unique risks, general considerations include:

Creditworthiness of the Issuer: ELNs are backed by the creditworthiness of the issuing firm. Similar to traditional bonds, if an issuer were to become insolvent, you are unlikely to receive all of your investment as detailed by the investment's terms. Understanding the credit risk associated with any structured investment is important.

Liquidity and Statement Value: ELNs are designed to be held to maturity. While a guaranteed secondary market does not exist for ELNs, issuing firms will often offer to buy back investments prior to maturity. This indicative value of the ELN is reflected in your account during the term of the investment and represents the amount you could expect to receive if you chose to sell prior to maturity.

Fees: Structured investments may involve greater fees than investing directly in the underlier. These fees are typically stated on the front page of the investment's offering documents and should be considered when assessing the merits of any investment. Fees paid by the client may include intellectual property licensing and other expenses incurred by issuers.

Performance: An ELN investor can suffer a loss based on the terms and performance of the underlier. While the ELN will pass through the performance of the underlier, there is no guarantee of that performance. Additionally, dividend payments on underliers are not received at the same time as received by direct holders of the underlier. They may be paid at specific times (i.e., quarterly) or upon redemption.

Complexity: ELNs are often less familiar than traditional investments. Therefore, before deciding whether ELNs are right for you, review the terms and conditions outlined in the investment's offering documents and consult your financial professional.

Costs and Fees Paid by Clients

- Commission
- Structuring Fee: Costs of the issuer for creation and maintenance of the ELN (including any licensing fees). This covers all expenses of the ELN and, as such, there are no internal expenses for the portfolio. Please review the prospectus for a detailed listing of all fees.

Compensation

Financial Professional Compensation: Commissions.

Cantella Compensation: Costs and fees may be paid to us as described in *Section III—Compensation, Costs and Fees*.

Annuities and Insurance

Product Description

An annuity is a financial product that offers an income stream. Annuities offer tax-deferred capital accumulation coupled with various insurance options. Additional information about annuities is available at: www.cantella.com.

Common Types of Annuities Offered

Immediate Annuity: Purchased with a single payment, and distributes a specified income stream that usually begins immediately.

Fixed Annuity: Provides a fixed rate of return for a specified period of time and generally designed to provide guaranteed, level payments for a specified period of the annuitant's lifetime, on a tax-advantaged basis.

Fixed Index Annuity: This is a type of fixed annuity with its rate of return tied to a well-known index such as the S&P 500. Returns are typically capped by either a fixed amount or a specific percentage determined by the insurance company. These caps and percentages can change at the end of each term.

Structured Annuity: Sometimes referred to as variable-indexed annuities or registered index-linked annuities, these products combine features commonly available in indexed and variable annuities. An investor can select from investment options or segments that provide partial downside protection in exchange for capped growth based on the performance of a market index like the S&P 500. Some structured annuities also offer variable subaccounts that do not offer any downside protection or buffer.

Variable Annuity: Combines the characteristics of mutual funds, the insurance features of annuity products, and the benefits of tax deferral with low investment amounts in comparison to other products. A variable annuity may be invested in a variety of professionally managed investment sub-accounts similar to mutual funds. Insurance features, such as a minimum death benefit or single or dual lifetime income benefits, may also be available.

Common Types of Life Insurance Offered

Variable Universal Life Insurance: Permanent life insurance policy with an investment component. The policy has a cash-value account, which is invested various sub-accounts available in the policy. A sub-account acts similar to a mutual fund, except it's only available within a variable life insurance policy. A typical variable life policy will have several sub-accounts to choose from.

Indexed Universal Life Insurance: Permanent life insurance with its rate of return tied to a well-known index such as the S&P 500. Returns are typically capped by either a fixed amount or a specific percentage determined by the insurance company. These caps and percentages can change at the end of each term.

Features and Characteristics

Varies based on insurance product. Please see above descriptions and the relevant insurance contracts for additional information.

Risks

- Insurance and annuities products are not deposits or obligations of any bank or depository institution, are not guaranteed by us, are not insured by the FDIC or any other government agency, and are subject to investment risks including possible loss in value.
- Like most investment products, variable annuity contracts fluctuate in value and are subject to market risk, including the potential for loss due to market declines.

Costs and Fees Paid by Clients

- Costs and fees vary between insurance products. It is imperative that you review the relevant insurance contract for a detailed description of charges you will incur.
- Riders are insurance provisions that provide benefits or modify the terms of the insurance policy. Examples include living benefit and enhanced death benefit riders for certain annuity products. These benefits have additional costs, as described in the applicable rider.

Ongoing Costs

Annual fee charged by the insurance company.

Contingent Deferred Sales Charges

Sometimes called a "surrender charge" or "surrender fee." Depending on the product, and as more fully described in the applicable insurance or annuity contract, you may pay a contingent deferred sales charge if you cancel or withdraw money during the surrender charge period.

Compensation

Financial Professional Compensation

- Total compensation for annuity contracts (commissions and trails, as described below) are based on the contract value, which have an average seven-year contract lifecycle. Total compensation may be higher if the contract is held beyond that period.
- Actual commissions received varies by insurance company, the type of product, the commission structure selected, and, in some cases, the amount of the investment.
- "Trails" are paid to us to cover annuity contract servicing expenses and are derived from the ongoing costs you pay to the insurance company.

Cantella Compensation

We receive additional compensation from insurance companies in the form of sales and asset-based education and marketing support payments, which are not paid directly from the assets of your product. Actual amounts received vary. Additional costs and fees may be paid to us as described in *Section III—Compensation, Costs and Fees*.

Product Limitations

See the *General Product Limitations* section above.

Additional Information

Before investing in any variable annuity, we encourage you to read the relevant prospectus, which is available from the insurance company and your financial professional. For all other insurance products, we encourage you to review the insurance contract.

Withdrawals of taxable amounts are subject to income tax and, if made prior to age 59½, may be subject to a 10% federal tax penalty.

Annual fees for annuity contracts are often higher than those associated with mutual funds that have similar objectives. That is because the company must pay for the higher commissions and insurance benefits associated with annuities. Therefore, you should compare the cost structures of both annuities and mutual funds in conjunction with your individual tax considerations before investing. If you select a variable annuity, it is a good idea to select one with a variety of investment options in order to avoid incurring a surrender charge if you change your investment objectives over time.

Options Contracts

Product Description

An option is a contract that provides you with either a right or an obligation related to an underlying security, such as a stock, index, or exchange-traded fund. There are two types of options, calls and puts, and you can buy or sell either one. Options have a strike price, also referred to as the exercise price (the price at which you exercise the option) and an expiration date.

A call option gives the holder the right to buy a security at the strike price prior to the expiration date, while a put option gives the holder the right to sell a security at the strike price prior to the expiration date. Buyers of calls believe that the market value of the security will increase substantially before the option expires, and want the right to buy the security at the lower strike price if that happens. Conversely, buyers of puts believe that the market value of the security will decrease substantially before the option expires, and want the right to sell the security at a higher strike price if that happens. Buyers of calls/puts hope to profit by exercising the option at a strike price that is lower/higher than the market value of the security (i.e. when the option is "in the money"). Instead of exercising the option, the holder of the option can also sell it to "close out the contract" and receive the difference between the strike price and the market price.

Clients can also sell calls and puts. For example, a seller of puts believes that the market value of the security will not fall before the option expires. Conversely, sellers of calls believe that the market value of the security will not rise before the option expires. Sellers of puts and calls hope to maximize their profit by generating income from the premium paid to them by the buyers and having the options expire unexercised (i.e., "out of the money").

Prior to transacting in options, clients must receive a copy of an options disclosure document titled "Characteristics and Risks of Standardized Options," which can be obtained from your financial professional or through www.cantella.com.

Features and Characteristics

- Tool for hedging and speculation.
- Income generation—receive premiums by selling options.
- Risk mitigation—reduce exposure to downside price risk for a currently owned security.
- Targeted selling—seek sale prices by the selection of an option strike price for a currently owned security.
- Stock acquisition—target specific acquisition prices via the option strike price to purchase a security.

Risks

- Complex and require a high level of attention to the trading markets.
- Speculative product that may lead to unlimited losses.
- May lose the entire amount committed to options in a relatively short period of time.
- Income generated from covered calls (a call option sold on a security owned), does not provide protection from significant downward price movement.

- A covered call writer (the person who owns the security and sold the call option on said security) gives up any appreciation above the strike price.
- The sale of shares due to assignment may result in a taxable gain for the option writer.
- Margin is required for certain option strategies. See the section below on *Margin*.

Costs and Fees Paid by Clients

Commission: You will typically pay a commission/sales charge when you buy or sell an option within a brokerage account. Sales charges can be discounted at the discretion of your financial professional. If applicable, sales charges will be disclosed as commissions on your transaction confirmation. If you plan to frequently trade options, you should discuss with your financial professional the benefits of doing so in a wrap fee-based advisory account. The commission charge for a single purchase of multiple contracts cannot be more than the commission that would have been charged if the trade had been calculated as a number of separate single purchases of individual contracts.

Transaction Fee: A transaction charge may be assessed on certain accounts that do not charge a standard commission.

Pricing Factors: If you are purchasing an option, its price is determined by many factors including:

- the remaining life of the option;
- the volatility of the underlying security;
- the relationship between the strike price of the option and the market price of the underlying security; and
- the underlying company's dividend payment record.

Compensation

Financial Professional Compensation: Commissions.
Cantella Compensation: Transaction fees.

Additional Information

Due to the speculative nature of options, we must pre-approve your specific trading strategy. You should have sufficient knowledge and experience to evaluate the risks associated with option trading. Certain accounts will be limited to income and hedging strategies, and will not be allowed to engage in more speculative trading strategies (e.g., IRAs, accounts subject to ERISA, and UTMA accounts).

Financial Planning and Investment Consulting Services

Services Description

We offer various financial planning and investment consulting services. Financial planning services may include a comprehensive review of your entire financial picture or may be tailored to focus one or more financial goals or topics you choose. Investment consulting services may include conducting a portfolio holdings review, asset allocation review and proposal, and investment strategy recommendations for assets held outside of Cantella. Please be aware that your financial professional will not be able to execute transactions for accounts held outside of Cantella. Both financial planning and consulting services provide tailored advice and investment strategies based on your individual needs. A fee is charged for these services, which is more fully detailed in the agreement you sign with your financial professional. You should refer to your Financial Planning Agreement for additional information, including service offerings, limitations, and other considerations. Additional information regarding investment advisory services can be located in the Advisory Disclosure Documents.

SECURITIES-RELATED LENDING

Margin

Service Description

If your account is approved for margin, we will allow you to borrow funds using the securities in your account as collateral. When you buy securities on margin, you deposit a portion of the purchase price, and the clearing firm extends you credit for the remainder, resulting in a debit balance on your account (which will be reflected on your account statement). We charge interest on your debit balance and require you to maintain securities, cash, or other property to secure repayment of funds borrowed. Before trading in a margin account, you should carefully review the margin sections in the client agreement.

Features and Characteristics

- Margin interest may be tax deductible. Please consult your tax advisor for more details.
- You may use margin for various purposes, including investments in securities, margin trading strategies, and withdrawal of funds for certain personal expenses.
- Interest is charged based on the amount borrowed, as further described below.

Risks

- You can lose more funds than you deposit in the margin account.
- We can force the sale of securities in your account.
- We can sell your securities without contacting you.
- You are not entitled to choose which securities in your margin account are sold to meet a margin call.
- We can increase our "house" maintenance margin requirements at any time and are not required to provide you with advance written notice.
- You are not entitled to an extension of time on a margin call.

Costs and Fees Paid by Clients

Interest Rates

- You may be charged interest on any debit balances in cash accounts, or credit extended in margin accounts, above the Base Lending Rate.
- You will be charged The Base Lending Rate plus the current Interest Rate. The Base Lending Rate will be set with reference to commercially recognized

interest rates, industry conditions relating to the extension of credit, and general credit market conditions. The Base Lending Rate can change without prior notice. When the Base Lending Rate changes during an interest period, interest will be calculated according to the number of days each rate is in effect during that period. If the Interest Rate charged to you changes for any reason, you will be notified at least 30 days in advance.

- Margin interest charges will post to your account per the terms outlined in your margin agreement. Please review your margin agreement to determine how the interest charge is calculated and when it will be posted to your account.
- When we pay funds in advance of settlement on the sale of securities, we will charge interest on the amount paid from date of payment until settlement date. If any other charges are made to your account for any reason, we may charge interest on the resulting debit balances.

Ongoing Expenses

You may incur charges and interest for maintenance of margin and short positions. Margin rates are negotiable, depending on a variety of factors, including the size of your account, your financial professional's policy with respect to discounts, and your relationship with your financial professional.

Compensation

Financial Professional Compensation: Financial professionals may receive compensation based on the level of margin debit balances maintained with the clearing firm.

Cantella Compensation: Interest on margin balances.

Truth in Lending Statement

Your interest rate will vary with the size of your average debit balance according to the individual clearing firm's schedules and internal base rates. These rates change, and can be obtained from your financial professional.

Other Potential Conflicts of Interest

More sophisticated investment strategies such as short sales and margin may be offered in certain advisory account programs. Fees for advice and execution on these securities are based on the total asset value of the account. While a negative amount may show on your statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where your financial professional benefits from the use of margin creating a higher absolute market value and therefore receive a higher fee.

Additional Information

Before trading stocks in a margin account, you should carefully review the Margin Agreement and the *Statement of Credit Disclosure* below in *Section V—Other Important Information.*

We believe that the use of margin generally adds risk to a portfolio that you should not assume unless you are prepared to experience significant losses. Losses in the value of an asset purchased on margin will be magnified because of the use of borrowed money—you can lose more funds than you deposit in the margin account. In addition, you generally will not benefit from using margin unless the performance of your account exceeds interest expenses on the margin loan. You should also understand that the use of margin can negatively impact your ability to rebalance your account. You should carefully consider whether the additional risks are appropriate prior to using margin due to the increased potential for significantly greater losses associated with using margin. You assume full responsibility for the use of margin in your account.

Although not required, even if notice is provided with a specific date by which you must meet a margin call, we can still take necessary steps to protect our financial interests, including immediately selling your securities without further notice.

Clearing firms may lend the securities held in your account to others if you maintain a margin debit in the account. This will result in changes in the tax treatment of dividends paid on the loaned securities and/or loss of your voting rights for those securities.

If you have banking features on your account such as check writing or debit cards this may affect the margin on your account. We urge you to review the account documentation for both your margin account and your banking features to determine what aligns with your situation.

Securities-Based Lending (SBL) by BNY Mellon Pershing & Raymond James Bank, N.A.

Service Description

Both Pershing and Raymond James offer a securities-based lending ("SBL") service whereby securities may be used as collateral for a loan; however, pricing, features and characteristics differ from margin loans. Generally, SBL may let you borrow against a higher percentage of your assets than margin; however, SBL is not suitable for all clients, may involve a high degree of risk, and market conditions could magnify any potential for loss. The proceeds from an SBL loan cannot be (a) used to purchase or carry securities; (b) deposited into another investment or trust account; (c) used to purchase any product issued or brokered through one of the affiliates of our clearing firms, including insurance products; or (d) otherwise used for the benefit of, or transferred to, one of our clearing firm affiliates.

If you were to enter into an SBL agreement, then you would pledge securities in one or more of your accounts with us as collateral for the loan. Raymond James or Pershing may on demand require you to repay part or all of any outstanding advance, post additional eligible collateral, and sell or force the sale of the pledged securities without notice. Any required liquidations could interrupt your investment strategies and could result in adverse tax consequences and adverse impacts on your long-term investment goals. Pledging the securities in one or more of your accounts with us would also limit your authority to give certain orders or instructions regarding those accounts or securities, such as an instruction to make free delivery to you or a third party of any of the pledged securities; and Raymond James or Pershing would have authority to take exclusive control of those accounts and securities.

Because SBL is offered and provided by Raymond James and Pershing, rather than Cantella, it is important that you thoroughly review the disclosure documents that they can provide to you before evaluating whether SBL is right for you.

Fully-Paid Securities Lending

With fully-paid securities lending, the clearing firm borrows securities from you, which may be use for any purpose permitted under Regulation T, including to cover a short sale or fail-to-deliver, to satisfy client possession and control requirements, or to further lend your loaned securities to other broker-dealers. The clearing form will pay you a fee for the use of your shares based on the fee schedule contained in the fully-paid lending agreement. In exchange for the loan of securities, the clearing firm will provide you with either cash or non-cash collateral, as permissible under applicable regulations. Your account will still show that you own the security position that you have loaned to us.

Risks

- Loaned securities are not covered by Securities Investor Protection Corporation ("SIPC") insurance (see *Account Protection* in *Section V—Other Important Information*)
- Not an investment strategy
- Fees generated by lending shares may not be sufficient to offset losses incurred because the position was not sold in accordance with your investment strategy
- Loss of voting rights with respect to loaned securities
- Lending securities to facilitate short selling could put downward pressure on the overall price of the security. Each loan transaction is not a hedge against price decline and offers no downside price protection to client's loaned securities
- Potential tax implications
- Securities lending takes place in an over-the-counter, negotiated rate market that generally lacks transparency with respect to transactions and prices. Given the nature of this market, we cannot

Costs and Fees Paid by Clients

See above Section *III—Compensation, Costs and Fees*.

Compensation

Cantella receives a percentage of the net income of the transaction.

Cash Management

Service Description

Through our clearing firms, we offer cash management solutions. This service integrates a conventional securities account with a cash management account, which provides a debit card and check writing services. As part of that account, cash balances awaiting investment may earn interest daily.
For additional terms and conditions related to the available cash management solutions, you should review your account opening documentation.

Features and Characteristics

The following services are typically provided to most cash management accounts:

- Debit card
- Unlimited check-writing
- Online access to account activity
- Online bill payment
- ATM reimbursements
- Check and deposit coding
- Optional cash back at point of sale
- Electronic payments and direct deposits
- 24-hour client service line
- No minimum balance to open or maintain an account

Note that certain services may have additional limitations or requirements (for example, debit cards are not generally issued for clients residing outside of the United States, and if a debit card is issued, an annual fee may apply) and may differ depending on each clearing firm's offering.

Costs and Fees Paid by Clients

See above Section *III—Compensation, Costs and Fees*.

Compensation

Financial advisors do not receive additional compensation related to cash management solutions.

Additional Information

Margin is required—see the above section on *Margin*.

Cash Sweep Programs

Cantella provides clients with access to different cash sweep vehicles at each custodian, including certain money market funds that are used to automatically invest cash balances awaiting investment, in both transaction-based and advisory accounts. Cantella offers money market funds ("sweep funds") and FDIC insured bank deposit ("bank sweep") products whose shares are automatically purchased and redeemed in your account. You can find out which sweep vehicles are available by checking with your financial professional or by calling us at 800) 652-8358. You may also contact us for a free prospectus on any sweep fund or disclosure document on any bank sweep product available to you through our firm.

For accounts custodied at NFS and Pershing, Cantella receives payments directly tied to the amount of our clients' cash that is invested into bank sweep and most sweep funds. We have an incentive to recommend the sweep vehicle that provides the greatest payment to Cantella. Our compensation is paid out of the sweep funds' assets or bank sweep return, which means that our payments reduce your rate of return.

For accounts custodied at Pershing, Cantella offers an FDIC insured bank sweep. Cantella selects from a menu of structures that offer clients varying yields based on each client's bank sweep balance, and Cantella also receives varying compensation tied to each client's investment amount. We currently offer the structure that pays all clients the same yield and a flat percentage of assets invested across all clients.

For accounts custodied at Pershing, Cantella receives fees based on the asset levels within each sweep fund across all clients, and aggregated within pricing groups. This structure gives us an incentive to recommend more clients invest in specific pricing groups because we receive greater compensation as our aggregate investments increase. For transaction-based accounts Cantella selects a default sweep fund which pays us up to 0.50% per year. This has a negative impact on your rate of return. There are other available sweep options with higher rates of return.

For accounts held at Raymond James, Cantella shares equally in the revenue earned by Raymond James on cash sweep vehicles, which include a bank sweep product (Raymond James Bank Deposit Sweep Program ("RJBDP")) and a free credit interest program (Client Interest Program ("CIP")). CIP balances are held by Raymond James and are not invested in a sweep fund or bank sweep. The revenue sharing payments from RJBDP and CIP are paid to us from the earnings on your uninvested cash. Our revenue sharing payment does not depend on which sweep option you choose at Raymond James. In transaction-based accounts, Cantella shares a portion of this compensation with some of its financial professionals. Your financial professional must disclose this conflict this conflict to you if it applies to them before recommending a transaction-based account.

The revenue sharing payments received from all custodians are paid to us from the earnings on your uninvested cash or the assets within the sweep vehicle. This conflict provides an incentive for us to recommend that you keep greater cash balances in order to receive this additional compensation. The revenue sharing means that our cash sweep options pay less in earnings to you than other firms.

Although money market sweep funds generally seek to preserve the value of your investment at $1 per share, it is possible to lose money by investing in them. Sweep funds are not FDIC-insured and are not obligations of any bank. Cantella is a member of the Securities Investor Protection Corporation (SIPC). SIPC provides member institutions coverage up to $500,000 (including $250,000 for claims of cash) per brokerage client in each recognized capacity when aggregated with other securities and cash held by the same brokerage client in the same capacity at the same member institution. Money market funds can lose value and have done so in the past. Market losses in money market funds are not covered by SIPC or FDIC.

Bank sweeps have FDIC coverage limits, depending on the specific program selected. Please consult your financial professional for current coverage limits. Bank sweeps are protected against losses up to the FDIC coverage limit.

Free credit balances, such as Raymond James CIP, are protected by SIPC only, and are not a bank obligation protected by FDIC insurance.

It is important to discuss your options with your financial professional as they can help determine the right sweep option for you. You should review the prospectus or disclosure document carefully before investing or sending money.

Non-Sweep Money Market Investment Options

We offer money market mutual funds as an investment, though not as the core account investment vehicle option. You are eligible to purchase shares in these money market mutual funds by giving specific orders for each purchase and sale to your financial professional. Cash balances in your Brokerage Account, however, will not be automatically swept into these money market mutual funds. You may incur a transaction charge for non-sweep purchase and redemption. The automatic sweep vehicles do not incur transaction charges.

OTHER SERVICES

Trading and Execution Services

Placing Trades

Best Available Price: In order to confirm that Cantella is achieving the best execution for its customers, Cantella requests written affirmation from its clearing firms regarding its procedures for evaluating the routing of customer orders and providing best execution. Cantella does not allow trades or representatives to route orders. Equity orders are conducted through the clearing firm that holds the client account. If it is determined by the trading desk that a client did not receive the best execution price, it is generally the result of a system or telephone problem. As a result, the trading desk will determine the time the order should have executed. The best bid/offer price is obtained through our quote system. This information is then provided to the order desk of the customer's clearing firm in order to obtain the better price. If the clearing firm disagrees with the information provided by the Cantella trading desk the trade will be processed against the firm's error account in order for the client to receive the better price.

Instructions and Confirmation Review: You can place a trade by contacting your financial professional or Cantella's Trade Desk. Please be specific and carefully explain your instructions. Ask to have your instructions read back to you for verification. It is a best practice to note when you spoke to your Cantella financial professional or Cantella Trade Desk representative. Once you receive your trade confirmation read it carefully to ensure that your instructions have been carried out accurately. If they have not, contact your financial professional or Cantella's Trade desk immediately.

Trade Aggregation: Our clearing firms may combine your sale and purchase orders with similar orders being made simultaneously for other accounts if, in our reasonable judgment, such aggregation is likely to result in an overall economic benefit to you by evaluating the availability of relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other potential benefits. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In that case, the average price of all securities purchased or sold in such transactions may be determined and you may receive the average transaction price.

"Average Price" Per Share: Clearing firms will report an "average price" per share when multiple executions are required to complete your order. It is a calculated average of the prices of all individual executions. Details regarding the actual price of each execution are available upon request. Although multiple executions may be necessary, no additional fees or commissions are charged.

Risk of Lower Liquidity: Liquidity refers to the ability of market participants to buy and sell securities. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities; and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, an order may only be partially executed or not at all.

Risk of Higher Volatility: Volatility refers to the degree the market price of a security changes during trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours. As a result, an order may only be partially executed, or not at all, or an order may receive an inferior price in extended hours trading compared to regular market hours.

Risk of Changing Prices: The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours or upon the opening the next morning. As a result, an order may receive an inferior price in extended hours trading compared to regular market hours.

Risk of News Announcements: Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, such announcements may affect the price of the security positively or negatively during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated effect on the price of a security.

Risk of Wider Spreads: The spread refers to the difference between the price at which a security can be bought and the price for which it can be sold. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value (IIV). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in extended hours trading. Since the underlying index value and IIV are not calculated or widely disseminated during the opening and late trading sessions, an investor who is unable to calculate implied values for certain derivative securities products in those sessions may be at a disadvantage to market professionals.

Trade Date and Settlement Date

The day on which your trade is executed is the "trade date," while the day on which you pay/are paid for a trade is the "settlement date." Securities regulations specify two business days from trade date to settlement date for most securities. This regulation – which the industry calls "T+2" – may not provide sufficient time for you to receive the confirmation of your transaction by regular mail and then pay for an executed buy order. You should either have funds on deposit with us or arrange for payment based on oral confirmation of the trade. The vast majority of clients keep cash balances on deposit with us to ensure timely settlement of trades.

Long and Short Sales

Most sales of securities are "long" sales, where you are selling a security that you own. If the security is not in your account when you place the sale order, you must deliver it to us by the settlement date. A "short" sale is the sale of a security that you do not currently own. Delivery requirements for short sales are typically fulfilled by borrowing the security. With respect to both long and short sales, failure to timely deliver the security will generally require us to fulfill your delivery requirements by purchasing the securities sold at the current market price, in our sole discretion and without prior notice to you, which may result in significant losses to you, and for which you will be financially responsible.

Order Routing/Best Execution

Absent specific routing instructions from you, our policy is to route orders to where we believe that you will receive the best execution, based on a number of factors. The potential for receipt of order flow payment or trading profits is not a factor in this decision. We believe, based on prior experience, that our order routing practice provides opportunity for the orders to be executed at prices at or better than the national best bid or best offer.

Indirect Compensation—Payment for Order Flow.

SEC Rule 607 of Regulation NMS requires broker-dealers to disclose at account opening and annually thereafter their policies regarding payment for order flow and order routing practices. If specific routing instructions are not received from you, our policy is to route orders to the market center or designated broker-dealer intermediary where we believe that a client will receive the best execution, based on a number of factors. The potential for receipt of order flow payment or trading profits is not a factor in this decision. From time to time, our clearing firms receive payment for order flow in the form of a payment or a reduction in the fees charged for directing transactions to various market centers or designated broker-dealer intermediaries. The source and specific amount of any such compensation related to a client's account are available upon written request. For information regarding our order routing practices, please visit: www.cantella.com. Financial professionals do not receive compensation related to payment for order flow or order routing practices.

It is possible for our clearing firms to act as a market maker in certain securities. Occasionally, we execute eligible orders received from clients and other broker-dealers against the firm's proprietary inventory. Clearing firms realize 100% of any trading profits or losses generated from trading with client orders as principal.

The Pitfalls of Penny Stocks

As a general rule, we will only accept unsolicited orders (act as an order taker) for the purchases of stocks that are trading at less than $5 per share, unless that stock is traded on a major stock exchange and has a market capitalization of at least $300 million. In almost all cases, adequate financial information is available on stocks that trade on an exchange, facilitating analysis of the security prior to purchase. Stocks that are trading under $5 per share and are not listed on an exchange generally are riskier, as the companies are smaller and do not necessarily have the same reporting requirements as listed stocks.

Understanding the Over-the-Counter Market

As most companies whose stocks trade over the counter are smaller, their market capitalizations are also smaller and their stocks are less liquid. This may create a larger spread between the stock's bid and ask prices. Furthermore, because market makers often only make 100-share markets before changing their bid and ask, it generally takes longer to get pricing reports. As a result, even a market order placed at market opening may take longer to execute at a series of prices. This generally would not happen with the stock of a large company listed on an exchange.

Administrative Services

Our Clearing Firms provide an array of administrative services to better support, manage, and serve your investment needs.

Crediting Checks to an Account and Cashing Checks

You may experience different hold periods for checks dependent upon its type. Please confirm with your financial professional, or Cantella's Home Office for check clearing/hold periods and other policies that may affect your check deposit. Please always make checks payable to your specific clearing firm, and include your account number for deposit. We request that checks are mailed directly to each Clearing Firm to avoid potential delays in processing. This information can be obtained from your financial professional.

Dividends and Interest Payments

Crediting to Client Accounts*:* Unless instructed otherwise, we credit all dividend and interest payments to client accounts on the declared payment date. However, you do have choices as to how to receive those payments. Your financial professional can help you select the best method for accessing your interest and dividends.

ACH to Bank: You may choose to receive dividend and interest payments by check or direct deposit to your bank account through the Automated Clearing House (ACH). To do so, ask your financial professional to set up an ACH Profile for you.

Processing/Mailing of Dividend Checks*:* While funds are immediately available when credited, we process and mail checks each Friday if all dividend and interest payments credited to your account during the previous week total $100 or more. If they total less than $100, they will accumulate in your account until the $100 threshold is reached, at which time we will issue a check. If you receive dividend and interest payments by check, you will receive a breakdown of the payments included on each check.

Sweeps to Interest-Bearing Accounts: You may prefer to have payments automatically swept into an interest-bearing account, eliminating the need to cash checks or deliver them to another institution for deposit and eliminating possible delays due to "holds" placed on the funds when the checks are deposited in another institution or due to the postal service. In addition, by sweeping your payments into an interest-bearing account, you will begin earning competitive rates of interest on them immediately. Each interest and dividend payment and subsequent sweep is automatically reported on your account statement.

Dividend Reinvestment Alternative: If you would like to automatically buy additional shares of the underlying stock with each cash dividend, you may choose to opt-in to our dividend reinvestment program. The option is available on most equity and closed-end fund shares that are listed on a national stock exchange. The program is free of charge on an unlimited number of securities. Benefits include consolidation of assets, estate simplification, and loan eligibility. Street name dividend-reinvestment offers ease of liquidation of all full and fractional shares through a single simple instruction to your financial professional, eliminating the need for multiple instructions to various outside agents.

SECTION V—OTHER IMPORTANT INFORMATION

STATEMENT OF CREDIT DISCLOSURE

Cash Accounts

Cash accounts may be subject, at our discretion, to interest on any debit balances resulting from failure to make payment in full for securities purchased, from proceeds of sales paid prior to settlement date, or for other charges that may be made to your account.

Margin Accounts

By purchasing securities on credit, commonly known as margin, you can increase the buying power of your equity and increase the potential for profit, but you also increase the potential for loss. When you buy securities on margin, you deposit a portion of the purchase price, and we extend you credit for the remainder. The loan appears as a debit balance on your monthly account statement. We charge interest on your debit balance and require you to maintain securities, cash or other property to secure repayment of funds advanced.

We will charge interest for any credit we extend to you for the purpose of buying, trading or carrying securities, for any cash withdrawals made against the collateral of securities, or for any other extension of credit. When we pay funds in advance of settlement on the sale of securities, we will charge interest on the amount paid from date of payment until settlement date. If any other charges are made to your account for any reason, we may charge interest on the resulting debit balances.

Interest Rates

You may be charged an interest on any debit balances in cash accounts or credit extended in margin accounts. The interest rate will vary amongst the three clearing firms. This rate is typically set with reference to commercially recognized interest rates, industry conditions relating to the extension of credit, and general credit market conditions. It may change without prior notice. When the Base Lending Rate changes during an interest period, interest will be calculated according to the number of days each rate is in effect during that period.

Interest Period

Margin interest will post to your account on the last business day of the month. The interest period begins on the prior month's posting date and ends the day before the last business day of the month.

General Margin Policies

The amount of credit that extended and the terms of the extension are governed by rules of the Federal Reserve Board and the Financial Industry Regulatory Authority. Using these rules as guidelines and subject to adjustment required by changes to them, as well as our own business judgment, we have established internal policies for margin accounts. If the market value of securities in your margin account declines, we may require you to deposit additional collateral. Margin account equity is the current market value of securities and cash deposited as security; minus the amount you owe us for credit extended. It is our general policy to require margin account holders to maintain equity in their margin accounts of the greater of 30% of current market value or $3 per share for common stock purchased on margin. We apply other standards for other types of securities. For example, we do not allow securities valued at $5 per share or less to be purchased using margin, except under exceptional circumstances. We will grant approval for purchases of securities under $5 in a margin account at our sole discretion. Also, certain other securities may be ineligible for margin credit from time to time. For information on our general margin maintenance policy as to municipal bonds, corporate bonds, listed U.S. Treasury notes and bonds, and other securities, contact your financial professional.

Notwithstanding the above general policies, we reserve the right, at our discretion, to require the deposit of additional collateral and to set required margin at a higher or lower amount for particular accounts or classes of accounts as we deem necessary. In making these determinations, we may take into account various factors, including the size of an account, liquidity of position, unusual concentrations of securities in an account or a decline in creditworthiness. If you fail to meet a margin call in a timely manner, we may liquidate some or all of your positions without prior notification.

Deposits of Collateral, Lien on Accounts, and Liquidation

If we request additional collateral, you may deposit cash or acceptable securities into your margin account. If you do not promptly deposit satisfactory collateral when we request it, we may, at our discretion, liquidate securities held in any of your accounts. In this connection, pursuant to our Margin Agreement, we retain a security interest in all securities and other property held in your accounts, including securities held for safekeeping, so long as any credit extended remains outstanding.

ACCOUNT PROTECTION

Federal Deposit Insurance Corporation (FDIC)

Covered Investments: Bank Deposits.

Available Coverage: $250,000 insurance limit per depositor per insured institution. You may qualify for more than $250,000 in coverage if you own deposit accounts in different ownership categories. The deposit insurance company limits refer to the total of all deposits that an account holder (or account holders) has at each FDIC-insured bank.

Unless explicitly stated, products sold by us are not considered bank deposits and are not covered by FDIC insurance. Further information on FDIC insurance can be obtained from your financial professional, who will provide you with the FDIC brochure, "Your Insured Deposits, FDIC's Guide to Deposit Insurance Coverage," upon request. You can obtain information directly from the FDIC, Division of Supervision and Consumer Protection, by writing to Deposit

Insurance Outreach, 550 17th Street N.W., Washington, DC 20429, or telephoning 877-275-3342 or 800-925-4618 (TDD). Or, you may visit the FDIC website at www.fdic.gov or e-mail them at dcainternet@fdic.gov. You may also wish to consult with your attorney concerning FDIC coverage of deposits, particularly when held in more than one capacity.

Securities Investor Protection Corporation (SIPC)

Pershing, National Financial Services (NFS) and Raymond James are members of SIPC, which protects securities customers of its members up to $500,000 (including $250,000 for claims of cash). An explanatory brochure is available upon request or at www.sipc.org.

Covered Investments: Registered securities and cash.

Available Coverage: Generally, protects SEC-registered securities to a maximum of $500,000, including $250,000 coverage for claims of cash.

Excess SIPC

In addition to SIPC protection, Pershing, NFS and Raymond James provide coverage in excess of SIPC limits. SIPC and the excess of SIPC insurance policy do not protect against loss due to market fluctuation. An excess of SIPC claim would only arise if the clearing firm failed financially and client assets for covered accounts—as defined by SIPC—cannot be located due to theft, misplacement, destruction, burglary, robbery, embezzlement, abstraction, failure to obtain or maintain possession or control of client securities, or to maintain the special reserve bank account required by applicable rules.

- For more information about NFS Excess SIPC coverage, please visit the NFS website.
- For more information about Raymond James Excess SIPC coverage, please visit the Raymond James website.
- For more information about Pershing Excess SIPC coverage, please visit the Pershing website.

FINANCIAL PROFESSIONAL CERTIFICATIONS AND PROFESSIONAL DESIGNATIONS

The ability to provide financial advice and conduct sales activities in the securities and insurance industries requires registration with a regulatory body. Conversely, professional designations are generally administered by an issuing organization (independent from us) that determines the criteria needed to earn the designation. Some designations involve fairly rigorous standards to earn and maintain the designation, allow investors to verify the status of individuals claiming to hold that designation, and a few even have a formal disciplinary process. Other designations may have less rigorous requirements. If your financial professional holds out a designation, you should discuss with your financial professional the meaning of such designation. FINRA provides a Professional Designations tool on their website at http://www.finra.org/investors/professional-designations.

We are not bound by the standards of any such organizations, and your relationship with us is governed by the terms of the applicable client agreements you have entered into with us and by the standards of conduct of regulatory and self-regulatory organizations with jurisdiction over us.

USA PATRIOT ACT

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: when you opened your account, we asked for your name, address, date of birth, and other information that allowed us to identify you. We may have also asked to see your driver's license or other identifying documents.

BUSINESS CONTINUITY

Cantella has developed a Business Continuity Plan to respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information about our Business Continuity Plan.

Contacting Us: If, after a significant business disruption, you cannot contact us as you usually do at (800) 333-3502, you should go to our web site at www.cantella.com. If you cannot access us through either of those means, you should contact the clearing firm that carries your account: National Financial Services, LLC, (800) 801-9942; Raymond James & Associates, Inc., (800) 248-8863; and BNY Mellon Pershing, LLC, (201) 413-3635. The clearing firms will provide instructions on how you can process orders, withdraw funds or securities, or process other transactions related to your account.

Our Business Continuity Plan: We plan to quickly recover and resume business operations after a significant business disruption and to ensure the safety of our employees. Our Business Continuity Plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption. While every emergency situation poses unique problems based on external factors, such as the time of day and the severity of the disruption, our clearing firms have advised us that they are able to recover critical operations within 24 hours. Your orders and requests for funds and securities could be delayed during this period. It is possible that recovery could take longer, depending on the nature of the disruption.

Varying Disruptions: Significant business disruptions can vary in their scope; for example, a disruption affecting only part of our firm, one affecting our building, or one affecting a more widespread area. In the case of a localized disruption (one with a scope of our building or smaller), we will transfer affected operations to a local site when needed and expect to recover and resume time-critical functions within 60 minutes. In the case of a more widespread disruption, alternate transportation, communications, effects on our clearing firms, and other factors will affect our recovery time. In either situation, we plan to continue in business, transfer operations to our clearing firm if necessary, and notify you through our web site, www.cantella.com, or our main telephone number regarding how to contact us. If the significant business disruption is so severe that it prevents us from remaining in business, we assure you that our clearing firms will grant your prompt access to your funds and securities. For more information, you can contact us at 800-652-8358. The summary of our plan is available at any time upon written request.

CANTELLA & CO., INC. PRIVACY POLICY

FACTS	WHAT DOES CANTELLA & CO., INC. DO WITH YOUR PERSONAL INFORMATION?
Why?	Financial firms choose how they share your personal information. Federal law gives consumers the right to limit some, but not all, sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.
What?	In order to service your account, it is necessary that we collect nonpublic, personal information. The types of personal information we collect and share depend on the product or service you have with us. Such information includes, but is not restricted to: • Account number, address, social security number, date of birth • Net worth, assets, income, investment experience • Account balances, trading history, payment history • Transactions or credit relationships with nonaffiliated third parties • Medical information (if applying for insurance)
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Cantella & Co. chooses to share; and whether you can limit this sharing.

Reasons We Can Share Your Personal Information:	Do We Share?	Can You Limit This Sharing?
For our everyday business purposes— process transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	Yes	No

Reasons We Can Share Your Personal Information:	Do We Share?	Can You Limit This Sharing?
For joint marketing with other financial companies	No	No
For our affiliates' everyday business purposes – information about your transactions, creditworthiness, and experience	Yes	No
For nonaffiliates to market to you - we do not sell, share, or disclose your nonpublic personal information to nonaffiliated third-party marketing companies	No	No
For advisors who leave Cantella & Co., Inc.—if you have a Cantella advisor servicing your account(s) who leaves Cantella to join another financial institution, the advisor may retain copies of your personal information so that he or she can continue to serve you at the new firm. In doing so, your advisor may share your information with the new firm but is otherwise required to keep confidential the personal information obtained from you while the advisor was affiliated with Cantella, and he or she may use it only to service your account(s). Please note: Certain states require affirmative consent to allow sharing. See below for more on your rights under state law. **In the event that a Cantella advisor terminates his or her relationship with Cantella, and you want to follow your advisor to his or her new firm, please do not request to limit our sharing.**	Yes	Yes

To Limit Our Sharing or For Further Questions:

- Call Cantella's Compliance Line at 800-333-3502
- Mail your request to Cantella & Co., Inc., Attn: Compliance, 389 Main Street, Suite 101, Malden, MA 02148
- Visit us at www.cantella.com

If you are a new customer, we can begin sharing your information from the date we provided you with this notice. When you are no longer our customer, we continue to share your information as described in

this notice; however, you can contact us at any time to limit our sharing.

How does Cantella collect and protect my personal information?	Cantella recognizes the need to prevent unauthorized access to the information we collect, including information held in electronic format, through such actions as opening an account, performing transactions, credit bureaus, affiliates, etc. We protect your personal information in the following ways: • We only grant access to your personal information to parties with whom we have executed confidentiality/nondisclosure agreements and who need that information to serve you or to assist us in conducting our operations. • We have physical and electronic safeguards in place to ensure that we comply with our own policy, industry practices, and federal and state regulations. • Our employees are trained in the proper handling of sensitive information. • If you decide to close your account(s) or become an inactive customer, we will adhere to the privacy policies and practices as described in this notice
Why can't I limit all sharing?	Federal law gives you the right to limit only: • Sharing for affiliates' everyday business purposes—information about your creditworthiness • Affiliates from using your information to market to you • Sharing for nonaffiliates to market to you **State laws and companies may give you additional rights to limit sharing:** *If you are a California resident, California law may provide you with additional rights regarding our use of your personal information. To learn more, please see The Cantella & Co., Inc. California Consumer Privacy Act Supplemental Information*
What happens when I limit sharing for an account I hold jointly with someone else?	If you have a joint account, we will treat an opt-out direction by a joint customer as applying to all associated joint customers.
What if I live in an opt-in state?	Opt-in states, such as California, Vermont, and others, require your affirmative consent before the advisor can provide your nonpublic information to the new firm. **You can**

	provide or withdraw this consent at any time by contacting (800) 333-3502. **Please note:** If you live in an "opt-in" state, where we are required to obtain your affirmative consent to share your nonpublic personal information with nonaffiliated third parties who do not currently assist us in servicing your account or conducting our business, your advisor is required to obtain your written consent before your advisor can take your information with him or her should your advisor leave Cantella.