

Regulation Best Interest Disclosure

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

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (SEC) as a broker dealer, providing brokerage services. First Southern, LLC (“FS,” the “Firm,” “we” or “our”) is a member of the Financial Industry Regulatory Authority, Inc. (FINRA), Municipal Securities Rulemaking Board (MSRB) and the Securities Investor Protection Corporation (SIPC). We are affiliated with First Southern Asset Management, LLC (“FSAM”), a registered investment adviser. Our brokerage services are the primary focus of this guide. For more information on our investment advisory services and how they differ from brokerage, please review the Form ADV Disclosure Brochure for FSAM, or the Customer Relationship Summary (“Form CRS”) available at <https://fssec.com/>. Our Form CRS contains important information about the types of services we offer along with general information related to compensation, conflicts of interest, disciplinary action and other reportable legal information.

Please carefully review and consider the information in each section below.

Brokerage services

When you establish a brokerage account with us, you have the ability to buy, sell and hold investments within your account. The primary service we provide is our trading capability. We execute purchases and sales on your behalf, and as directed by you. In a brokerage services relationship we can trade with you for our own account, for an affiliate or for another client, and we can earn a profit on those trades. The capacity in which we act is disclosed on your trade confirmation. However, we are not required to communicate it in advance, obtain your consent, or inform you of any profit earned on trades.

Cash Brokerage and Margin Brokerage Accounts

We provide brokerage services through either a cash brokerage account or margin brokerage account, based on your eligibility and selection. In a cash brokerage account, you must pay for your purchases in full at the time of purchase. In a margin brokerage account, you must eventually pay for your purchases in full, but you may borrow part of the purchase price from our clearing firm, Pershing, LLC (“Pershing” or “Clearing Firm”). This is generally referred to as a margin loan. The portion of the purchase price that is loaned you is secured by securities in your account, also referred to as collateral. You will incur interest costs as a result of your margin activity. While many securities are eligible to be used as collateral for a margin loan, some assets are not available for margin collateral purposes.

Given that a margin-enabled brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, our default brokerage option is our cash brokerage account. You must select a margin account or execute a separate margin agreement before engaging in margin brokerage activity. Included with your margin agreement is a copy of the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us. For more information on our margin brokerage services, contact a Registered Representative or refer to our Margin Disclosure Statement available in your Customer Agreement.

Brokerage Account Types

We offer many different brokerage account types including individual and joint accounts, custodial accounts, estate and trust accounts, partnership accounts, individual retirement accounts and other types of retirement

accounts as outlined in our account agreement(s). You should refer to our account agreement(s) for more information concerning available account types or speak with a Registered Representative.

Incidental Brokerage Services, Recommendations and Account Monitoring

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

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

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

Clearing Services

We have entered into an agreement with Pershing to carry your account and provide certain back office functions. We and Pershing share responsibilities with respect to your account as set forth in the Designation of Responsibilities that was delivered to you upon opening of your account. Please refer to the Designation of Responsibilities for more information on how such responsibilities have been allocated between us.

Understanding Risk

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

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with “Income” investors typically holding the smallest percentage of higher- risk investments, followed by “Long-Term Growth” investors holding some higher-risk investments, and finally “Short-Term Growth” investors holding a significant portion of their portfolio in higher-risk investments. Risk tolerance also varies and we measure it on a continuum that increases from “Low” to “Moderate” to “High Risk,” and finally “Speculation.” See the chart below for details.

| Investment Objective | Investment Objective Description | Risk Exposure | Risk Exposure Definition |
|----------------------|--|---------------|--|
| Income | An investment approach by which an investor generally seeks current income over time. | Low | Low Risk Income investors generally assume lower risk, but may still experience losses or have lower expected income returns. |
| | | Moderate | Moderate Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns. |
| | | High Risk | High Risk Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses. |
| Long-Term Growth | An investment approach by which an investor generally seeks capital appreciation through buying and holding securities over an extended period of time. | Low | Low Risk Long-Term Growth investors generally assume a lower amount of risk, but may still experience losses or have lower expected returns. |
| | | Moderate | Moderate Long-Term Growth investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest returns. |
| | | High Risk | High Risk Long-Term Growth investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses. |
| Short-Term Growth | An investment approach by which an investor generally seeks short-term capital gains through buying and selling securities over a short period of time. | Low | Low Risk Short-Term Growth investors generally assume a lower amount of risk, but may still experience increased losses or have lower expected growth returns. |
| | | Moderate | Moderate Short-Term Growth investors are willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive higher returns. |
| | | High Risk | High Risk Short-Term Growth investors seek a higher level of returns and are willing to accept a high level of risk that may result in more significant losses. |
| Speculation | Speculation investors seek out a maximum return through a broad range of investment strategies which generally involve a high level of risk, including the potential for unlimited loss of investment capital. | | |

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

Cash Sweep Program Feature

Money fund and bank deposit program sweep processing fees and revenue sharing arrangements are a source of revenue for FS and Pershing. For money funds supported on its sweep platform, Pershing receives remuneration paid out of the total operating expenses of the fund, some of which include SEC Rule 12b-1 fees. If you invested in a sweep product that pays Pershing remuneration, some of the fees Pershing receives from the money fund and bank deposit providers will be shared with FS. In addition, Pershing receives fees for providing access to its platform from money market funds and bank deposit program providers. These fees are typically paid according to an asset-based formula. In certain circumstances, Pershing shares these fees with FS. A portion of Pershing's fees are applied against costs associated with providing services to FS, including maintaining cash sweep systems, sub-accounting services, dividend and interest calculations and posting, accounting, reconciliation, client statement preparation and mailing, tax statement preparation and mailing, marketing and distribution-related support and other services. For a listing of money funds and bank deposit programs that pay Pershing revenue-sharing and processing fees, refer to <https://www.pershing.com/rates>.

Account Minimums and Activity Requirements

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, an inactivity fee will be applied annually if there is no trading in the account.

You should also understand that our Registered Representatives may establish their own minimum account balance requirements for the brokerage accounts they service. For example, a dedicated Registered

Representative may choose to service only those brokerage account clients who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you orally by your Registered Representative.

Brokerage service models and products

We offer brokerage services to retail investors, including buying and selling securities. If you open a brokerage account, you will pay a transaction-based fee, generally referred to as a commission. You may select investments, or we may recommend investments for your account. Your financial professional does not have discretion on your brokerage account. The ultimate investment decision for your investment strategy and the purchase or sale of investments will be yours.

Brokerage fees and our compensation

It is important to consider that while a brokerage relationship can be a cost-effective way of investing your assets, it is not for everyone given the fees and costs involved.

Transaction-Based Fees

You will pay transaction-based fees for trades you decide to enter into, such as buying and selling stocks, bonds, Exchange Traded Products (ETPs), mutual funds, annuity contracts, exercising options and other investment purchases and sale. These transaction-based fees are generally referred to as a “commission,” “mark up,” “sales load,” or a “sales charge.” Transaction-based fees are based on a host of factors, including, but not limited to:

- ! Underlying product selection
- ! Your brokerage service model and account type
- ! Size of your transaction and/or overall value of your account
- ! Frequency of your trade activity
- ! Available discounts and/or fee waivers

Account and Service Fees

You will pay fees for various operational services provided to you through your brokerage account. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions.

Aside from the fees we charge you for providing investment recommendations, you will have to pay other fees related to brokerage services. Fees can be charged directly or indirectly. Depending on services selected, direct fees could include annual account fees; IRA fees; fees associated with transferring cash or securities (account transfers, stock transfers, checks and wires); bond call notification; inactive account fees; dividend reinvestment fees; fees for paper statements, confirms and other account records; requests for duplicate statements or other records; margin extensions; mutual fund exchanges; voluntary reorgs and conversions; safekeeping fees; and termination fees. In addition, Puerto Rican residents will be charged a \$50 annual maintenance fee if they hold a Puerto Rican instrument (typically PR bonds). Direct fees will be shown on your trade confirmation and/or custodial statement. Indirect fees include internal expenses charged by mutual funds and ETF's (including 12b-1 fees and annual fund operating expenses).

You should understand that based on the brokerage service model you choose, the same or similar products, accounts and services may vary in the fees and costs charged to you. For more information concerning our administrative and service fees, ask your Registered Representative.

How We Are Compensated

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

below describe the compensation that we receive in connection with various investments that may be available to you. In many cases, the descriptions that follow refer to a prospectus or offering documents.

Registered Representative Schedules

Commission Schedule for Stocks, Rights, Warrants, Secondary Market Closed End Funds (CEFs) and Exchange Traded Products (ETPs)

The Broker will receive certain forms of commission in connection with the service provided. Equity trading commissions rates vary depending on the number of shares, trade price, and principal value of transaction. The commission rate is based on a dollar amount plus a percentage of the principal amount and may be discounted at the Registered Representative's discretion. A Commission is charged every time a trade is placed and will be disclosed on the trade confirmation.

Option Rates Equity and Index

Options compensation is received as direct compensation. Option commissions vary based on the number of contracts, trade price of the contract, and principal value of the transactions. The commission on an option transaction will be deducted from your account every time an options trade is executed. The commission rate is based on a percentage of the principal amount plus a dollar amount based on the number of contracts and may be discounted at the Registered Representative's discretion. The amount of the specific option commission will be disclosed on the trade confirmation.

Debt Securities

For debt securities, including corporate debt, municipal securities, treasuries, structured products and CDs, we may apply a charge (i.e., markup or markdown) of up to 4% of the amount of your secondary market transaction. The amount of the specific commission, markup or markdown will be disclosed on the trade confirmation based on the prevailing market price; or based on contemporaneous interdealer securities, in compliance with Pricing Disclosure rules.

Mutual Funds and 529 Accounts

We currently offer thousands of mutual funds through traditional accounts and through 529 accounts varying in share class structure and investment style. If you invest in mutual funds, we may receive direct and indirect compensation in connection with such mutual fund investments, as described below. In addition to the fees below, a ticket fee is charged on most no-load mutual fund transactions. The ticket fee may be discounted at the Registered Representative's discretion, but they cannot discount or waive other fees charged by the mutual fund company, including front-end sales charges, contingent deferred sales charges and 12b-1 fees, as described below. The amount of fees, including any ticket fee, front-end sales charge, and/or contingent deferred sales charge can be found in the mutual fund prospectus and direct fees will be disclosed on the trade confirmation. The fees and costs of mutual funds vary depending on the fund family and share class. Below is a summary of these costs.

12b-1/Shareholder Service Fees

Annual 12b-1 fees, also known as trailers, are paid by the fund and paid to us out of fund assets under a distribution and servicing arrangement to cover distribution expenses and sometimes shareholder service expenses that we may provide on the fund's behalf. Shareholder servicing fees are paid to respond to investor inquiries and provide investors with information about their investments. These fees are asset-based fees charged by the fund family. These fees range from 0.00% to 1.00%, depending on share class and are set by the fund. 12b-1 fees may be passed on to us and may in turn be passed on to your Financial advisor as a commission; however other operating expenses of the fund are not paid to us. 12b-1 fees are typically charged on Class A, Class B and Class C shares and may be charged on other share classes. Please note that 12b-1s and

similar fees or compensation received in connection with our affiliated funds are not received, or are rebated, on ERISA assets held in Advisory Program accounts.

Front-end Sales Charge Fees/Contingent Deferred Sales Charges (CDSC)

Front-end sales charge fees may be charged and paid to us, including your Financial advisor, when you purchase a fund. The front-end sales charge is a direct fee and is deducted from the initial investment on certain share classes. This charge normally ranges from 0.00% to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts based on the amount of transaction and rights of accumulation. In addition, some purchases may qualify for a sales charge waiver based on the type of account, and/or certain qualifications within the account. You should contact your Registered Representative or consult the mutual fund prospectus if you believe you are eligible for sales charge waivers. Front-end Sales Charges are typically charged on Class A shares and may be charged on other share classes.

CDSC is a direct charge you pay upon withdrawal of money from a fund prior to the end of the fund's CDSC period. CDSC charges range from 0.00% to 5.50%. CDSC periods can range from zero to seven years. This charge typically exists only on share classes that do not have a front-end sales charge. It is sometimes referred to as the back-end load. CDSCs are not charged when you purchase a fund. The fee charged will depend on the share class purchased by the investor. A CDSC is not passed on to your Financial advisor. You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the fund's prospectus. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund. Please note that 12b-1s and similar fees or compensation received in connection with our affiliated funds are not received, or are rebated, on ERISA assets held in Advisory Program accounts. CDSC fees are typically charged on Class B shares with a seven-year CDSC period; and on Class C shares with a one-year CDSC period and may be charged on other share classes.

Different fund families offer different share classes, which is why it is important to review the fund prospectus, which outlines the differences between the different share classes available for the respective fund family. The specific breakpoint schedules, front end sales charge, CDSC fee/CDSC period, 12b-1 fee and other operating expenses will be disclosed in the prospectus. You can also find a description of any fees or costs, including the payment frequency in the fund's prospectus. In addition, your Registered Representative can explain the different share class options available, and how the available share classes differ. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund.

Annuities

Our annuities consist of fixed, index, and variable annuities. Under arrangements with insurance companies, we, including your Financial advisor, receive commissions from the insurance companies for the sale of annuities, as well as trail commissions, and they are considered indirect compensation. Commissions and trails paid to us vary by product type and may vary by insurance carrier. Specific information regarding commissions and other fees can be found in the annuity prospectus.

Unit Investment Trusts (UITs)

Our UITs consist of Equity and Fixed-Income UITs. We, along with your Registered Representatives, are compensated in ways that vary depending on the type and terms of the UIT portfolio selected. The types of fees received by us are described below and are disclosed via the prospectus issued by the UIT provider. Your financial advisor can provide you a copy of the most recent prospectus. The UIT provider deducts fees as compensation from the proceeds available for investments for marketing and distribution expenses, which may include compensating us as described in each UIT prospectus, which is typically 2% of the assets invested.

Private Placements

Occasionally, we will recommend a private placement or hedge fund investment. For each placement we receive sales compensation based on the amount of money invested. Private placements carry unique risks and therefore are only offered to accredited investors. The amount of compensation is up to 10% and varies by issuer. Additional information relating to risks and fees can be found in the private placement memorandum or similar offering documents.

Other Fees

Revenue sharing occurs with Pershing our Clearing Firm and Investment companies. We share in some of the fees Pershing charges, including margin interest on debit balances, interest paid on short positions, margin extension fees, inactivity fees, IRA maintenance fees, account transfer fees, stock transfer fees, checkbook reorder fees, fees for insufficient funds fees on returned checks/ACH's, stop payment fees, and wire fees. In addition, we receive a portion of interest paid to clients that participate in Pershing's money market sweep or bank deposit sweep. The Firm does not limit our recommendations to these products that generate third party payment.

Training and Education

We work closely with many product and service providers, including our clearing firm and some mutual fund companies, who provide training and education. Such meetings are provided at no cost to us and may include reimbursement for meals and travel. These meetings or events are held to educate Registered Representatives on product characteristics, business building ideas, successful sales techniques, suitability as well as various other topics. In addition, certain vendors provide free or discounted research or other vendor products and services, which can assist our Registered Representatives with providing services to the plan.

Likewise, from time to time, product providers will reimburse us for expenses incurred by individual branch offices in connection with conducting training and educational meetings, conferences, or seminars for Registered Representatives and participants. Registered Representatives may also receive promotional items, meals or entertainment or other non-cash compensation from product providers.

Although training and education compensation is not related to individual transactions or assets held in client accounts, it is important to understand that, due to the total number of product providers whose products are offered by us, it is not possible for all companies to participate in a single meeting or event. Consequently, those product providers that do participate in training or educational meetings, seminars or other events gain an opportunity to build relationships with Registered Representatives; these relationships could lead to sales of that particular company's products.

Trade Corrections

All trade corrections are reviewed and approved by a supervisory principal of the firm. Registered Representatives do not profit from any trade corrections.

Compensation for Termination of Services

We do not charge any fees for the termination of your account other than account transfer fees; however, Pershing and certain products may have related fees. This includes a contingent deferred sales charge for a fund (as described under the Mutual Funds section above, if applicable), IRA termination fees (when applicable), and account transfer fees. If you have questions, contact your financial advisor.

Brokerage – Excluded Advisory Assets

As described above, our brokerage services differ from our advisory services. However, in some instances we may allow an advisory client to trade what are referred to as “excluded assets” within their advisory services account. Excluded assets are not subject to our advisory program fees. Instead of our advisory fees, these excluded assets are subject to our standard brokerage charges when traded.

Conflicts of interest

Conflicts of interest exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially adverse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

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

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship. In addition to this disclosure, conflicts of interest are disclosed to you in your account agreement(s) and disclosure documents, our product guides and other information we make available to you.

Transaction-based conflicts

In your brokerage account you pay certain fees (commissions and sales charges) in connection with the buying and selling of each investment product, including mutual funds, variable annuities, alternative investments, exchange traded funds, equity securities, and bonds. Where these fees apply, the more transactions you enter into, the more compensation that we and your financial advisor receive. This compensation creates an incentive for us to recommend that you buy and sell, rather than hold, these investments. We also have an incentive to recommend that you purchase investment products that carry higher fees, instead of products that carry lower fees or no fees at all.

Markups and markdowns for principal transactions

When you buy or sell securities in a brokerage account, and in accordance with industry regulations, we may impose a markup (increase) or markdown (decrease) in the price of transactions we execute on a principal basis. We are compensated based upon the difference (markup) between the price you pay for securities purchased from us and the price we sell such securities to you over the prevailing market price, or the difference (markdown) between the price you sell securities to us and the price we purchase such securities from you over the prevailing market price. We maintain policies and procedures reasonably designed to help ensure compliance with the markup and markdown industry rules.

Third-party payments we receive may be based on new sales of investment products, creating an incentive for us to recommend you buy and sell, rather than hold, investments. In other cases, these payments are made on an ongoing basis as a percentage of invested assets, creating an incentive for us to recommend that you buy and hold investments (or continue to invest through a third-party manager or adviser).

The total amount of payments we receive varies from product to product, and varies with respect to the third-party investment management products we recommend. It also varies from the compensation we receive in connection with other products and services we may make available to you, including advisory services. We have an incentive to recommend investment products and services that generate greater payments to us. This compensation generally represents an expense embedded in the investment products and services that is borne by investors, even where it is not paid by the Product Sponsor and not directly from the investment product or other fees you pay. The types of third-party compensation we receive include:

- ! **Revenue Sharing.** Revenue sharing occurs with Pershing our Clearing Firm and Investment companies. We share in some of the fees Pershing charges, including margin interest on debit balances, interest paid on short positions, margin extension fees, inactivity fees, IRA maintenance fees, account transfer fees, stock transfer fees, checkbook reorder fees, fees for insufficient funds fees on returned checks/ACH's, stop payment fees, and wire fees. In addition, we receive a portion of interest paid to clients that participate in Pershing's money market sweep or bank deposit sweep. The Firm does not limit our recommendations to these products that generate third party payment.
- ! **Trail Compensation.** Ongoing compensation from Product Sponsors may be received by us and shared with our Registered Representatives. This compensation (commonly known as trails, service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product. We have an incentive to recommend that you purchase and hold interests in products that pay us higher trails.

Additional Compensation from Product Sponsors and Other Third Parties

We and our Registered Representatives, associates, employees, and agents receive additional compensation from Product Sponsors and other third parties including:

- ! Gifts and awards, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives, including services for identifying prospective clients.
- ! Payment or reimbursement for the costs associated with education or training events that are attended by our employees, agents, and Registered Representatives, and for conferences and events that we sponsor.

Note: The amount of these payments is not dependent or related to the level of assets you or any other of our clients invest in or with the Product Sponsor.

Product Share Classes

Some Product Sponsors offer multiple structures of the same product (e.g., mutual fund share classes) with each option having a unique expense structure, and some having lower costs to you as compared to others. We are incentivized to make available those share classes or other product structures that will generate the highest compensation to us.

Other Business Activities

Certain Registered Representatives are separately registered as an insurance agent. Variable annuities are offered through FS, while other types of insurance products are offered through various insurance carriers. Registered Representatives receive separate and customary fees when you buy an insurance product and are incentivized to recommend such products. Registered Representatives seek to recommend insurance products it believes are suitable. Customers are under no obligation to purchase recommended insurance products and may purchase the same or comparable insurance through another insurance agent.

Brokerage recommendations can include a recommendation to invest in an advisory account managed by FSAM, our affiliate. We and our affiliate will receive additional compensation or economic benefits from investments by you, including, but not limited to, management credits, service fees and similar revenue sharing arrangements. The compensation related to these may be greater than similar products provided by third parties. Thus, we have an incentive to manage your investments through FSAM rather than recommend a third-party investment manager. Conflicts of interest related to FSAM are disclosed separately in its Part 2A of Form ADV (Disclosure Brochure).

FS is also affiliated with Phorcys Capital Partners, LLC an Investment Adviser offering investment advice to private funds including Phorcys Opportunities I LLC and Ocean Capital, LLC. FS is also affiliated with Phorcys Investment Advisors, LLC, adviser to Phorcys Real Estate Fund I, LP, a private fund. FS is also affiliated with Phorcys Real Estate Capital Partners, LLC and Phorcys Asset Management LLC, which are also advisers to private funds. It is not anticipated that the fund will be offered to clients of FS.

FS maintains consolidated financial records with its affiliated broker-dealer and RIA.

Compensation Received by Registered Representatives

Registered Representatives are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients and/or total assets under advisement, including brokerage account activity. This compensation may vary by the product or service associated with a brokerage recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or “trail” payments. Thus Registered Representatives are incentivized to recommend products that have higher fees as well as those with on-going payments.

Typically, a Registered Representative’s payout schedule (periodically adjusted by us at our discretion) increases with production and asset levels. The same payout schedule is reduced when Registered Representatives discount certain client fees and commissions, or client relationship asset levels are below minimums established by us from time to time. Registered Representatives also may be eligible for annual or ongoing bonuses and deferred compensation awards based upon a variety of factors that may include reaching certain production levels, tenure with the firm, client product mix, asset gathering, referrals to affiliates or other targets, as well as compliance with our policies and procedures and meeting best business practices. As a result, Registered Representatives have an incentive to provide brokerage recommendations that result in selling more investment products and services, as well as investment products and services that carry higher fees. Registered Representatives also have an incentive to provide brokerage recommendations to gather more assets

under management and to increase brokerage trading activity, and to reduce the amount of discounts available to you.

Similarly, Registered Representatives have an incentive to recommend you rollover assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA) because of the compensation they will receive. We maintain policies and procedures designed to ensure that rollover recommendations are in your best interest.

Brokerage accounts, unlike advisory accounts, do not feature an ongoing fee based on assets under management. Registered Representatives are incentivized to recommend you transition your brokerage services account to an advisory account to generate ongoing revenue where your brokerage account has minimal activity. Further, Registered Representatives are incentivized to recommend you transition your brokerage account to an advisory account after you have already placed purchases resulting in commissions and/or other transaction-based brokerage fees. We have controls established to identify and mitigate this risk. Registered Representatives also have an incentive to provide higher levels of service to those clients who generate the most fees.

Noncash compensation is provided to Registered Representatives in the form of credits toward business expense accounts and certain titles. Registered Representatives are also compensated in the form of education meetings and recognition trips. Portions of these programs is subsidized by external vendors and affiliates, such as mutual fund companies, insurance carriers, or money managers. Consequently, product providers that sponsor and/or participate in education meetings and recognition trips gain opportunities to build relations with Registered Representatives, which could lead to sales of such product provider's products. Registered Representatives also receive promotional items, meals, entertainment, and other noncash compensation from product providers.

Other Registered Representative Activities

Registered Representatives may be motivated to place trades ahead of clients in order to receive more favorable prices than their clients. Our written supervisory procedures are designed to assure that the personal securities transactions, activities, and interests of the employees of FS will not interfere with (i) making decisions in the best interests of our customers; or implementing such decisions while, at the same time, allowing FS employees to invest for their own accounts. Under the Firm's procedures, Registered Representatives may buy or sell securities that are recommended to customers, subject to certain restrictions. For example, if a Registered Representative trades ahead of a customer and receives a better price, a price adjustment will be made for the customer.

The Firm has procedures to monitor the outside brokerage accounts of each of our Representatives and includes procedures for limitations on personal securities transactions of Associated Persons. These policies are designed to discourage and prohibit personal trading that would disadvantage clients.

For additional information about our services or if you would like up-to-date information or a copy of our Relationship Summary, please call us at 787.979.2165, or go to the link below for this and other disclosures:

| Title | Web address |
|--------------------|---|
| Form CRS | https://fssec.com.com/ |
| Cash Sweep Program | https://www.pershing.com/rates |

CUSTOMER RELATIONSHIP SUMMARY

June 30, 2020

Helping you make an informed decision

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| Introduction | First Southern, LLC (“FS”) is registered with the Securities and Exchange Commission (SEC) as a broker-dealer and is a member of the Financial Industry Regulatory Authority (FINRA), Municipal Securities Rulemaking Board (MSRB), and the Securities Investor Protection Corporation (SIPC). Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS , which also provides educational materials about broker-dealers, investment adviser, and investing. |
| What investment services and advice can you provide me? | <p>We offer brokerage services to retail investors, including buying and selling securities. If you open a brokerage account, you will pay a transaction- based fee, generally referred to as a commission. You may select investments, or we may recommend investments for your account. Your financial professional does not have discretion on your brokerage account, the ultimate investment decision for your investment strategy and the purchase or sale of investments will be yours.</p> <p>We do not have account minimums. We can offer you additional services to assist you in developing and executing your investment strategy. We do not perform account monitoring activities or services for your account. We will deliver trade confirmations and account statements to you in paper or electronically. We offer cash, margin, and option accounts with a selection of investments, including but not limited to: equities, fixed income securities, municipal securities, options, brokered CDs, and exchange traded funds. Other firms could offer a wider range of choices, some of which might have lower costs.</p> <p>For additional information, please see the Disclosure Statement and our website: www.fssec.com</p> <p>Conversation Starters. Ask your financial professional—</p> <ul style="list-style-type: none">! Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?! How will you choose investments to recommend to me?! What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean? |
| What fees will I pay? | <p>You will pay a fee every time you buy or sell an investment in the form of a ticket charge. The ticket charge will vary depending on the type of security purchased or sold. In addition to a ticket charge, you could be charged a commission by your financial professional. The commission charge is at the discretion of the financial professional and is based on the specific transaction and not the value of your account. With investments, such as bonds, this fee might be part of the price you pay for the investment (called a “mark- up” or “mark down”). With mutual funds, this fee (typically called a “sales charge”) reduces the value of your investment. Some mutual funds offer “break points” depending on how much you invest, which could decrease the amount of sales charge you pay. Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time. Also, with certain investments such as variable annuities, you may have to pay fees such as “surrender charges” to sell the investment.</p> <p>You may pay additional fees, such as custodian fees, account maintenance fees, account termination fees, transfer fees, and account inactivity fees. The more transactions in your account, the more fees you will be charged. We therefore have an incentive to encourage you to engage in transactions. From a cost perspective, you may prefer a transaction- based fee if you do not trade often or if you plan to buy and hold investments for longer periods of time. You will pay fees and charges whether you make or lose money on your investments. Fees and charges will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and charges you are paying.</p> <p>For additional information, please see the Disclosure Statement and our website:</p> |

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| | <p>www.fssec.com</p> <p>Conversation Starter. Ask your financial professional— ! Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?</p> |
| <p>What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?</p> | <p><i>When we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations we provide you. Here are some examples to help you understand what that means.</i></p> <p>Revenue sharing occurs with Pershing, our Clearing Firm, and investment companies. We share in some of the fees Pershing charges, including margin interest on debit balances, interest paid on short positions, margin extension fees, inactivity fees, IRA maintenance fees, account transfer fees, stock transfer fees, checkbook reorder fees, fees for insufficient funds fees on returned checks/ACH's, stop payment fees, and wire fees. In addition, we receive a portion of interest paid to clients that participate in Pershing's money market sweep or bank deposit sweep. We also receive trails (12b-1 fees) paid by mutual funds, money market funds and annuities. The Firm does not limit our recommendations to these products that generate third party payment and we have a financial incentive to offer these products and services that generate additional fees.</p> <p>For additional information, please see the Disclosure Statement and our website: www.fssec.com</p> <p>Conversation Starter. Ask your financial professional— ! How might your conflicts of interest affect me, and how will you address them?</p> |
| <p>How do your financial professionals make money?</p> | <p>Your financial professional receives a percentage of the transaction-based fees described above which means your financial professional will receive a greater percentage of the transaction-based fees as the revenue generated by your financial professional increases.</p> |
| <p>Do your financial professionals have legal or disciplinary history?</p> | <p>Yes, please visit Investor.gov/CRS for a free and simple search tool to research us and our financial professionals.</p> <p>Conversation Starter. Ask your financial professional— ! As a financial professional, do you have any disciplinary history? For what type of conduct?</p> |
| <p>Additional Information</p> | <p>For additional information about our services or if you would like additional, up-to-date information or a copy of this disclosure, please call us at 787.979.2165, or go to www.fssec.com.</p> <p>Conversation Starter. Ask your financial professional— ! Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?</p> |

FSAM, LLC. ("FSAM") is registered with the Securities and Exchange Commission as an investment adviser. Brokerage and investment advisory services and fees differ, and it is important for the retail investor to understand the differences. Free and simple tools are available for you to use at [Investor.gov/CRS](https://www.investor.gov/crs), a website maintained by the SEC. These tools can provide you with educational materials about broker-dealers, investment advisers, and investing.

WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

FSAM offers investment advisory services to retail investors giving continuous advice based on the client's individual needs. We customize services based on our clients' unique financial situation, individual needs, investment objectives, and preferences. We monitor client accounts and provide detailed periodic reviews on an ongoing basis and typically, not less than annually. Accounts are reviewed, for performance, consistency with investment strategy and client objectives. Reviews are performed by the investment adviser performing services for the respective client. Event-driven reviews may occur because of changes in a client's personal, tax, or financial status, or when changing market conditions warrant a review. Please notify us of any changes in your financial situation that might affect your investment needs, objectives, or time horizon.

We will provide you advice on a regular basis. We will discuss your investment goals and help you design a strategy to achieve your investment goals. You can choose an account that allows us to buy and sell investments in your account without asking you in advance (a "discretionary account") or we may give you advice and you decide what investments to buy and sell (a "non-discretionary account"). If you choose a non-discretionary account, you will make the ultimate decision to buy or sell an investment. There is no account minimum on accounts that are managed directly by one of our investment advisors.

FSAM also offers another advisory program to customers who wish to have their assets managed by an institutional money manager. This program offers different funds for each of the asset allocation models that cover capital appreciate and income strategies. The Investment Advisor makes the asset allocation decisions using a variety of factors to determine which allocation is the best fit for the customer. There is an account minimum of \$10,000 on accounts managed by an institutional money manager. Certain managers may require a higher minimum as disclosed in the individual manager's Firm Brochure. Under certain circumstances, the minimum may be waived, including related accounts that are combined to meet the minimum.

Additional information about services provided are available in our ADV Disclosure Brochure (Form ADV Part 2A, Items 4, 7, 13 and 16).

When considering our services, ask your financial professional:

- **Given my financial situation, should I choose an investment advisory service? Why or why not?**
- **How will you choose investments to recommend to me?**
- **What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?**

WHAT FEES WILL I PAY?

We charge different types of fees, including fees based on a percentage of assets under management. FSAM charges most retail clients an annualized asset-based fee, billed monthly or quarterly based on the client's written agreement. The actual fee paid is set forth in an Investment Advisory Agreement. At the time of termination, any prepaid fees will be prorated based on the amount of work we have as of the date the notice of termination is received, and any unearned fees will be returned to the Client. For Advisory clients, fees described above do not include certain charges imposed by third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account—which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), 12b-1 fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition to the advisory fee, FSAM receives additional compensation from the custodian based on the value of credit balances in the accounts. If cash is swept into a money market fund, FSAM receives compensation based on the value of assets in these funds as broker-dealer.

Thus, FSAM has an incentive to recommend that client select a money market fund as a sweep vehicle that pays more compensation to FSAM than other funds. Advisory accounts that are managed by our investment adviser that has a Puerto Rico security in the account, FSAM is charged a \$50.00 Puerto Rico Reporting Fee that is passed through and charged by clearing firm to cover costs for reporting to the Puerto Rico authorities.

We ask you to understand that such charges, fees, and commissions incurred will be paid out of the assets in your account and are exclusive of and **in addition to the fees we charge**. Therefore, the advisory agreement specifies that your payment of our management fees will be made by the qualified custodian directly from your custodial account. The qualified custodian shall deliver an account statement to you at least quarterly, showing all disbursements, including our advisory fees deducted from the account. We encourage you to review all account statements for accuracy. **You will pay fees and costs whether you make or lose money on your investments.** Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Additional information about fees is available in the FSAM ADV Disclosure Brochure (Form ADV Part 2A, Item 5).

When considering our services, ask your financial professional: Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest how much will go to fees and costs, and how much will be invested for me?

WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN ACTING AS MY INVESTMENT ADVISER? HOW ELSE DOES FSAM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?

When we act as your investment adviser, we have a fiduciary duty to you. We endeavor at all times to put the interests of our clients first; recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice, we provide you. Here is an example to help you understand what this means. Because we charge an asset-based fee for portfolio management services, the more assets that are in your advisory account, the more you will pay in fees. This presents a conflict of interest because the firm has an incentive to encourage you to increase the assets in your account. Advice and recommendations can also be given on non-securities matters and any implementation of our recommendations is entirely at your discretion. You are always free to accept or reject any or all recommendations we make, and you retain the authority and discretion on whether to implement any recommendations. Most investment advisor representatives are also registered representatives of our affiliated broker/dealer, First Southern, LLC. This poses a conflict of interest to the extent that there is a financial incentive to recommend brokerage products that result in commissions, trails, or other payments. Clients to whom FSAM offers advisory services are informed that they are under no obligation to use the Firm's registered representatives and may choose a broker/dealer of their own.

Additional information about conflicts of interest is available in our ADV Disclosure Brochure (Form ADV Part 2A, Item 10). **When considering our services, ask your financial professional:**

- **How might your conflicts of interest affect me, and how will you address them?**

HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?

Your investment advisor receives a percentage of the asset-based fee, which means your investment advisor will receive a greater percentage of the asset-based fee as the revenue generated by your investment advisor increases.

DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

No. Please go to <https://www.investor.gov/CRS> for a free and simple search tool to research us and our financial professionals.

ADDITIONAL INFORMATION

You may obtain additional information and/or request a copy of this Form CRS by going by calling us at (770) 777-9373.