FLORIDA ATLANTIC SECURITIES CORP.

GUIDE TO THE INVESTMENT PRODUCTS & SERVICES

Florida Atlantic Securities Corp. has been providing unbiased and independent investment advice to individuals, families and institutions in an intelligent and transparent manner. The founders began their careers at large Wall Street firms and that experience led them to believe that they could lay the foundation to better serve clients on an independent platform.
Since inception the firm has grown alongside our clients to become an important provider of financial services in Florida.

Today, Florida Atlantic continues to provide investment services for individuals and families, businesses, nonprofit organizations, foundations and endowments in the South Florida region.

We are thankful you have allowed Florida Atlantic Securities to provide investment services and guidance to help you meet your financial goals.

In accordance with Regulation Best Interest, this guide will give you an understanding of the investment products and services available to assist you in selecting the option that works best for your individual circumstances. You will find information about the products and services available to you and how Florida Atlantic Securities Corp and its investment professionals are reasonably compensated.

This information may be periodically updated, and you will be notified of any material changes. You can reference the current version by contacting your investment professional or visiting our website: www.floridaatlantic.net.

Contents

I. Introduction and Services

Florida Atlantic Securities Corp. (FASC), founded in 1997 is a full service, independent, employed owned, fully disclosed introducing broker/dealer registered with the Securities and Exchange Commission (SEC), and is a member of the Financial Industry Regulatory Authority (FINRA), Municipal Rulemaking Board (MSRB), the Securities Investor Protection Corporation (SIPC). FASC is also registered as an investment advisor with the State of Florida.

Fidelity Custody and Clearing Services (a/k/a National Financial Services) is the custodian for FASC, who clears, and custodies our client accounts.

FASC offers a menu of services and investment products to guide clients to meet their financial goals and objectives. As a dually registered investment firm, we provide brokerage and investment advisory services.

Brokerage Services include the following list of services:

- Purchase and sell of securities (Ex: stocks, bonds, mutual funds, options)
- Advice, guidance and analysis on investments, strategies and portfolios based on your specific financial goals and investment profile
- Discretionary services: provide investment decision making on your behalf
- Account monitoring: depending on your needs to ensure your goals and objectives are being met we voluntarily review your accounts
- Administrative services: which may include account monitoring and portfolio analysis

As for Investment Advisory Services FASC provides the following:

- Investment/Asset Management
  - Investment authority delegated to Florida Atlantic Securities
  - Account minimums: $5,000,000 - FASC reserves the right to waive minimum
  - Account monitoring: defined in the mutual investment management agreement

Brokerage and Investment Advisory services are not exclusive, and it may be appropriate for portions of your assets serviced under both platforms.

Whichever service you choose FASC and its investment professionals should always place your best interest first.

II. Capacity

Depending on the services you choose with Florida Atlantic Securities, the Investment Professional may act as a registered broker, an investment advisor or both. This should be clear to you regarding your accounts. As a dually registered entity, the investment professional must prominently disclose his/her role when making recommendations or servicing your account, unless you have entered into an investment management agreement with FASC.

As a broker/dealer, FASC and its registered investment professionals are not fiduciaries but will be regulated by the standard of conduct of best interest and suitability. In the role of an Investment Advisor we are acting as a fiduciary. In either role the interest of the client always come first.

III. Brokerage Investment Products

This is a general description of the various products available within a brokerage account. Before making any investment, each client should evaluate if the product is suitable for their needs and financial situations, and risk appetite along with other factors per your investment profile.

Equity/Stocks

Stocks represent an ownership interest in a company. When you own a company's stock, you can have an equity interest in the company, or own a fractional portion of the company. A stockholder can achieve returns through price appreciation/depreciation and dividends. A stock's market value can change at any moment, depending on market conditions, investor perceptions or a host of other issues. Stockholders have a claim on a company's assets if the company goes bankrupt. However, in the event of liquidation, stockholders will receive what is left after all the company's creditors have been paid.

There are different types of stocks:

Common stock: made available by public companies to the public for purchase (typically through an initial public offering, or IPO) and may also refer to the secondary trading of these shares.

Preferred stock: entitles the holder to a fixed dividend, whose payment takes priority over that of common stock dividends.

Restricted stock: shares in a company issued in private transactions (e.g., to employees as part of their pay), but cannot be liquidated until certain regulatory conditions have been met.

FASC may participate in Initial Public Offering (IPO), which is the first sale of shares of a company to the public and/or a Secondary Offering, which is the subsequent issuance of shares of a company following an IPO (already trading in public market).

Risks

As an owner of equities, you risk losing principal. Investing in stocks involves many risks and we do not purport to cover all risks relating to stocks. You should consider these risks as you choose your investments. Market risks, liquidation risk are typical risks pertaining to stocks.

Costs

Commissions are charged per transaction and is a calculated by factoring the principal amount, number of shares, and market price of the underlying equity. The FASC commission schedule follows the guidance by FINRA on commissions vary and are not expected to be more than 2.5% of principal amount unless there are justifiable reasons on the nature of the transaction to charge more. For minimal dollar transactions the percentage may be higher. FASC's standard commission schedule is available upon request.

Fixed Income/Bonds

A bond is a loan an investor makes to a corporation, government, federal agency or other organization in exchange for interest payments over a specified term plus repayment of principal at the bond's maturity date.

There are a wide variety of bonds including:

- Government bonds
- Agency bonds
- Corporate bonds
- Investment Grade
- Hi-Yield
- Municipal bonds
- Emerging Market Bonds
- Brokered CDs

Risks

As bondholder you risk losing principal in your investment. The common risk factors with respect to bonds are interest rate, call risk, credit risk (default), duration, liquidity, and reinvestment risks. Risks will also vary depending on the type of bond you own.

Costs

Per each transaction a mark-up/down is charged, and it is the difference or spread between the prevailing market price and the price to the client. Mark-up/downs follow the standard guidance by FINRA not generally do not exceed more than 2.5% of face value. Factors relevant to determining the sales credit are, but not limited to, the type of security, marketability, pricing, amount being transacted.

Exchange-Traded Funds

Exchange-traded funds (ETFs) combine aspects of mutual funds and conventional stocks. Like a mutual fund, an ETF is a pooled investment fund that offers an investor an interest in a professionally managed, diversified portfolio of investments. But unlike mutual funds, ETF shares trade like stocks on stock exchanges and can be bought or sold throughout the trading day at fluctuating prices.
Most ETFs are registered with the SEC as investment companies under the Investment Company Act of 1940, and the shares they offer to the public are registered under the Securities Act of 1933. Some ETFs that invest in commodities, currencies or commodity- or currency-based instruments are not registered investment companies, although their publicly offered shares are registered under the Securities Act. Many ETFs are designed to passively track a particular market index and are similar to index mutual funds. These ETFs aim to achieve the same return as the index that they track, by investing in all or a representative sample of the stocks included in the index. In recent years, actively managed ETFs have emerged as another choice for investors. The portfolio manager of an actively managed ETF buys and sells stocks in accordance with an investment strategy, rather than tracking an index. Investment objectives vary by ETF and the management style of a given ETF. The objective of passively managed ETFs is to replicate the performance of the index the ETF tracks. On the other hand, advisers of actively managed ETFs invest to achieve a particular investment objective by making investment decisions themselves. Some passively managed ETFs aim to earn a return that is a multiple or a reverse (inverse) multiple of the return of a particular stock index. These are referred to as leveraged or inverse ETFs and may be subject to increased risks. An ETF's investment objective is stated in its prospectus. ETFs track a huge variety of indices. Some indices are very broad market indices, such as total stock or bond market indices. Other ETFs track indices that are narrower, such as those made up of medium and small companies, only corporate bonds or just international companies. Some EFTs track extremely narrow—and sometimes very new—indices that might not be fully transparent or about which little is known.

Risks

Like most securities your risk losing principal in your investment. ETFs are subject to risks similar to stocks. Additional risks inherent in ETFs may be tax risks and tracking error risks. If you want to understand risks and other features, please request a copy of the sponsors' prospectus.

Costs

Investors purchasing or selling shares in an ETF typically pay a brokerage commission on each transaction like stocks. Commissions are charged per transaction and is calculated by factoring the principal amount, number of shares, and market price of the underlying equity. The FASC commission schedule follows the guidance by FINRA on commissions vary and are not expected to be more than 2.5% of principal amount unless there are justifiable reasons on the nature of the transaction to charge more. For minimal dollar transactions the percentage may be higher. FASC's standard commission schedule is available upon request.

In addition to any brokerage commission you may pay, ETFs have expense ratios, like mutual funds, calculated as a percentage of the assets you have invested. ETFs do not have loads or 12b-1 fees (fees that are taken out of a mutual fund's assets annually to cover the costs of marketing and distributing the fund to investors).

Options

Options are contracts that give the purchaser the right, but not the obligation, to buy or sell a security, such as a stock or exchange-traded fund, at a fixed price within a specific time period.

Risks

Options can help investors manage risk. Buying and selling options also involves risk, is not suitable for all investors, and it is possible to lose money. It you intend to make options part of your portfolio you should know about different types of options, trading strategies and the risks involved. Before buying and selling options, investors should understand all of the rights and obligations associated with trading options. For example, the risk of selling (writing) options is considerably greater than the risk involved in buying options. If you buy an option, you cannot lose more than the premium. If you sell (write) an option, the risk can be unlimited. In addition, options can be structured to allow for significant leverage. The use of leverage may have the effect of magnifying an investor's losses or gains and can cause an investor to be highly exposed to risk with very little capital or cash investment. As a result, a relatively small, unexpected change in the notional amount of an investor's position could have a much larger adverse impact on the principal amount invested.

Prior to investing in options, you should read a copy of the "Characteristics and Risks of Standardized Options (a/k/a Options Disclosure document) - https://www.theocc.com/about/publications/character-risks.jsp

Costs

Like stocks, options consider the dollar amount, number of contracts and market price. The FASC commission schedule follows the FINRA guidance on commissions vary and are not expected to be more than 2.5% of principal amount unless there are justifiable reasons on the nature of the transaction to charge more. It follows the same FINRA guidance and the total charges will be reflected on your trade confirmation.

Mutual Funds

Mutual Funds are investment companies that pools assets from many investors making investments based on specific investment goals described on the fund prospectus. The mutual fund raises money by selling its own shares to investors. The money is used to purchase a portfolio of stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. Each share represents an ownership slice of the fund and gives the investor a proportional right, based on the number of shares he or she owns, to income and capital gains that the fund generates from its investments. The investments a fund makes are determined by its objectives and, in the case of an actively managed fund, by the investment style and skill of the fund's professional manager or managers. The holdings of the mutual fund are known as its underlying investments, and the performance of those investments, minus fund fees, determine the fund's investment return.

While there are a wide variety of individual mutual funds, there are only a handful of major fund categories:

- Stock funds invest in stocks
- Bond funds invest in bonds
- Balanced funds invest in a combination of stocks and bonds
- Money market funds invest in very short-term investments and are sometimes described as cash equivalents

Risks

Like any stock and bonds mutual funds also come with some risks including the risk of losing money. The likelihood of loss may be greater if you invest for a shorter period of time. Investors in the fund should have a long-term perspective and be able to tolerate potentially sharp declines in value. The prices of, and the income generated by, the common stocks and other securities held by the fund may decline, sometimes rapidly or unpredictably due to various factors, including events or conditions affecting the general economy or particular industries; overall market changes; local, regional or global political, social or economic instability; governmental, governmental agency or central bank responses to economic conditions; and currency exchange rate, interest rate and commodity price fluctuations.

You can find details about a mutual fund—including its investment strategy, risk profile, performance history, management, and fees—in a document called the prospectus. You should obtain a copy of the prospectus before investing in a fund for a better understanding. FASC works with a limited number of mutual fund families due to the requirements placed mutual fund companies.

Costs

Direct Fees/Charges/Expenses

In general, there are fees you pay to a mutual fund company when you purchase a mutual fund share class. Each share class invests in the same investment portfolio of securities but has different sales charges and expenses. Class A shares are among the most common retail brokerage share classes, and generally recommended by FASC. Certain other mutual fund share classes are subject to conditions and restrictions and may not be available for purchase by all investors. Clients should contact their investment professional for information about any limitations on share classes available through the brokerage platform.
The following is a summary of share classes and fees associated with client mutual fund purchases. For additional information about mutual fund fees, you should refer to the fund's prospectus. Class A Shares – Front–End Sales Charge – Class A shares generally include a front–end sales charge (or load) that's included in the purchase price of the shares and is determined by the amount you invest. These loads generally range from 0%–5.75% and are disclosed in the prospectus. The more you invest, the lower your purchase cost as a percentage of your investment. Many mutual fund families offer volume discounts known as "breakpoints," based on the amount of investment. Information regarding a mutual fund's breakpoints may be found in the prospectus. Class A shares usually have lower 12b–1 fees (annual marketing or distribution fees, described below) and therefore may be the less costly method to purchase mutual funds for long–term investors. Many mutual funds with purchases of $1 million or more of Class A shares may not be subject to a front–end sales charge. However, the investor may incur a deferred or back-end sales charge if any of the shares are sold within a specified time period, generally 12–18 months. Regarding waivers, it's important to read the prospectus and work with your investment professional to learn how a fund establishes eligibility for mutual fund sales charge reductions and waivers. A mutual fund's breakpoint schedule and waiver eligibility rules can be found in the fund's prospectus or Statement of Additional Information (SAI). If you believe you are eligible for a front–end sales charge waiver, please notify your investment professional.

Indirect Fees/Charge/Expenses

The ongoing costs of running a fund are called its fees and expenses. The fund pays these fees and expenses from the fund's assets before distributing any earnings to investors, which reduces the returns of the fund. You can find the fees and expenses of a fund by looking at its "expense ratio," which is disclosed in a fund's fact sheet and prospectus/summary prospectus. The expense ratio is the fund's total annual costs as a percentage of its assets, or net asset value (NAV).

Types of fees and expenses include: 1) The management fee paid to the fund's investment adviser for running the fund and managing its assets. 2) 12b–1 Fees are paid by some mutual funds pursuant to Rule 12b–1 of the Investment Company Act of 1940. Rule 12b–1 allows the use of the fund's assets to pay the costs of marketing and distribution of the fund's shares. 3) Other expenses such as shareholder servicing, recordkeeping, legal and accounting services, custody, transfer agency and administration, are also included in the fund's expenses.

FASC receives 12b–1 fees from the mutual fund companies thru its brokerage platform. Like other fees and expenses in a mutual fund, 12b–1 fees will reduce investment returns. The exact amount of 12b–1 fees paid out varies among funds and share classes but is disclosed in the applicable fund prospectus. The typical ranges of 12b–1 fees in mutual funds on the platform are as follows: A shares: 0.00%–0.50%.

Additional Fees on Transactions – In addition to sales charges, you may need to pay other fees on certain mutual fund transactions. 1)Redemption fees which charge fees to investors who redeem their shares within a short period of time (generally within a few months of purchasing them). Exchange fees allow shareholders privilege to exchange their investment in a fund for another within the same fund family. However, in some cases, you may be charged a small exchange fee for doing so.

Limitations

FASC typically recommends Class A shares in consideration of the long term horizon and the fund's expenses, as stated previously, in general are lower.

Money Market Funds

Within Mutual Funds you have money market funds with the general objective to pay higher returns than interest–bearing bank accounts. Money market funds invest in high-quality, short–term debt securities and pay dividends that generally reflect short–term interest rates. However, they are not bank accounts, not FDIC–insured and not guaranteed to maintain their value.
An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency, nor is it guaranteed by any private entity, such as its investment adviser or custodian. Although money market funds strive to preserve the value of the investment, it is possible to lose money by investing in them.

Limitations

The money market funds and share classes available through Fidelity Clearing and Custody Services may be limited and may change from time to time.

Risks

During extreme market volatility, money market funds may impose: "Redemption gates" that could temporarily prevent you from selling your shares. "Liquidity fees" that could charge up to 2% for selling your shares. Fund companies must designate money market funds (at the strategy level) as retail, institutional or government. Retail money market funds have policies and procedures reasonably designed to limit all beneficial owners to "natural persons" (for example, individuals, but not corporations) and maintain a stable $1.00 NAV. Institutional money market funds may also impose a "floating NAV" (no longer maintaining a stable price) that would allow the value of its shares to fluctuate in extreme conditions. Government money market funds invest at least 99.5% of their total assets in cash, government securities or equivalents and maintain a stable $1.00 NAV.

Revenue Sharing – FASC may receive a payment as a percentage per year of the amount held in money market funds. Percentage payments generally range from 0% to 0.50%. The level of payments to FASC varies in any given year. While any such payments will not change the net asset value or price of a fund's shares, the payments create a potential conflict of interest, as there may be an incentive to recommend funds who make higher payments.

For complete information about mutual fund fees associated with specific funds, you should refer to the fund's prospectus and SAI.

Alternative Investments

Hedge Funds, Private Equity Funds, Real Estate Funds

Alternative investment strategies include investments in hedge funds, private equity funds, real estate funds and other unregistered funds (including funds that invest in such funds). Such funds are sometimes referred to as private investments or private funds because they are typically organized pursuant to exemptions from registration under federal securities laws and therefore are not offered to the general public. Due to the speculative nature of these investment it is suitable for accredited investors and/or qualified purchasers that have the risk appetite.

Although interests in private investment funds sometimes may be resold in privately negotiated transactions, the prices realized on these sales could be less than the original investment and likely to be less than the current net asset value. Private funds are offered only by confidential private placement memorandum or similar document (the PPM). The PPM provides important detailed information regarding fees, merits, risks, investment objectives and strategies and other matters of interest, and must be read carefully before a decision is made on whether to invest.

Costs

FASC may earn a placement fee up to 5% of the invested amount by clients and/or non-clients, which is paid by the private fund (or sponsor thereof) whose interests are being offered. The amounts of any such fees will be disclosed to clients prior to their making an investment and are typically disclosed in the offering documents.

Limitations

Only hedge funds, private equity funds, real estate funds, and other private funds that have undergone an extensive due diligence process, have an established relationship with issuer, and FASC's partners are investors will be generally be recommended.

Risks

Private funds: Often engage in leveraging and other speculative investment practices that may increase the risk of the complete loss of the client's investment; can be highly illiquid because no trading market exists and there are restrictions on resale, transfer, withdrawal or redemption of interests; can be hard to value, and provide infrequent pricing or valuation information; may involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as publicly traded securities; and often charge performance fees in addition to management fees. Although private equity and real estate fund interests sometimes may be resold in privately negotiated transactions, the prices realized on these sales could be less than the original investment and are likely to be less than the current net asset value.

Investment products involve risk, and you may lose money. There is no guarantee you will meet your financial goals or that FASC's recommendations in consideration of your investment profile will perform as anticipated. Please make sure you understand the risks associated with investment products.

Brokerage products can be an important component of a diversified investment portfolio. To learn more about diversification, please contact your investment professional. Please consult available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide these documents to you or help you to find them. You can also reference additional information about brokerage products by visiting the FINRA Investor resources section on type of investments - https://www.finra.org/investors/learn-to-invest/types-investments.

Annuities

An annuity is a contract between you and the insurance company, where you make a lump sum or series of payments in exchange for certain guarantees related to income, death benefits, accumulation and tax deferral, to name a few.
There are different types of annuities, many of which are designed to meet specific needs and help consumers achieve their retirement goals. With a deferred annuity, assets accumulate on a tax-deferred basis until distributions are made, usually during retirement; with an immediate annuity, the contract owner converts assets into income and starts receiving payments right away. Fixed annuities accumulate savings or distribute income at guaranteed rates and in

guaranteed amounts; variable annuities accumulate savings or distribute income based on the performance of the underlying investment options chosen by the contract owner.
Annuities are created by insurance companies and are filed with the various state insurance commissioners for approval.

Types of Annuities

Fixed annuities accumulate funds or distribute income at guaranteed rates and in guaranteed amounts. Fixed annuities earn interest at a set rate, for a specified time period. A fixed annuity may be a good choice if you are seeking predictable returns, tax–deferred growth and principal protection. Tax–deferred fixed annuities also offer an income option that converts the balance of the fixed annuity into a guaranteed income stream through annuitization. Note: some fixed annuities may have a Living Benefit Rider that can provide income without annuitization.
Fixed index annuities are designed to provide a return based on the performance of an underlying index such as the S&P 500. While the benchmark index does track to the market, the client is not directly exposed to the market. Typically, the client's return is either a percentage of the underlying index's performance, or the return is capped at a certain percentage of the index's performance. Fixed index annuities provide the client the opportunity to have growth based on market performance while having 100% downside protection in down markets.
Variable annuities – considered a security unlike fixed or indexed accumulate funds or distribute income based on the performance of the underlying investment options chosen by the contract owner. Some of the features variable annuities may provide include: 1) Guaranteed Lifetime Income; 2) Standard or Enhanced guaranteed minimum death benefits, and/or 3) tax deferral. Variable annuities offer a range of investment options. The value of your investment as a variable annuity owner will vary depending on the performance of the investment options you choose. The investment options for a variable annuity are typically investment subaccounts or funds that invest in stocks, bonds, money market instruments or some combination of the three. Because of the exposure to market risks of the underlying investments you may lose principal on your investment.
Buffer annuities are designed to provide a return based on the performance of an underlying index such as the S&P 500, and comparable to index annuities, while the index does track to the market, the client is not directly exposed to the market. The two key differences between a buffer and traditional index annuity is the buffer annuity will typically provide higher caps or percentage of the index performance of a return but limits downside protection options of 10%, 20% or 30% versus the traditional index providing 100% downside protection.

Single premium immediate annuities (SPIAs) – SPIAs are designed to provide an immediate income stream through annuitization of the purchase payment. SPIAs typically require the income benefit to commence within 13 months of purchase. Note: As with any annuity, guarantees are based on the claims–paying ability of the issuing insurance company.

Fees

Annuity product fees, including contingent deferred sales charges, are collected by the insurance carrier. Depending on the type of annuity and the issuing insurance company, clients will incur certain product fees associated with their annuity. These fees range from fees to cover the cost of insurance to investment management fees. The following outlines the fees typically incurred on annuities by product type:

Fixed Rate for Term Annuities

Fixed annuities do not have explicit fees. Surrender charges – If applicable, surrender charges are incurred if the annuity is liquidated during the surrender charge period, or withdrawals in excess of the "free withdrawal amount" afforded by the contract are taken prior to the contract terms maturing. These charges offset the cost the insurance carrier incurs for various acquisition costs and early liquidation of investments it makes to back the guarantees. Surrender charges are stated in terms of a schedule that defines the percent of the surrender charge for that particular year and usually declines until the contract term matures. Fixed annuities surrender charges normally match the guarantee period of the interest rate credited to the contract. For example, our 3–year fixed deferred annuities may have a year surrender charge, and our 5–year fixed deferred annuities may have a 5–year surrender charge.

Fixed Rate for Term with a living benefit rider

Fixed deferred annuities with living benefits may have a fee associated with the living benefit rider. These fees are charged to cover the cost of providing guaranteed living benefits. States of residence may include additional fees.

Fixed Index Annuities

Fixed index annuities do not have an explicit cost. Surrender charges – If applicable, surrender charges are incurred if the annuity is liquidated, or excess withdrawals are taken prior to the contract terms maturing. These charges offset the cost the carrier incurs for various acquisition costs and early liquidation of investments it makes to back the guarantees. Surrender charges are stated in terms of a schedule that defines the percent of the surrender charge for that particular year and usually declines until the contract term matures. Index annuities customarily have 7–year surrender charges that may decrease from 9% to 3% over the surrender charge period.

Compensation

Annuity commissions are not fees and are not taken from the contract value. FASC's licensed independent insurance broker will be work with insurance companies to represent them in selling and servicing their insurance and annuity products and in return receive compensation based on a percentage of the total purchase. The amount of compensation paid may vary by product type, so more compensation may be received by your Investment Professional for selling one annuity product type versus another annuity product type. For additional information on the compensation paid by the issuing insurance company for annuity products, please refer to the applicable prospectus, or other documents provided by your Investment Professional or the insurance carrier.

FASC receives compensation for the sales of annuities from the insurance carriers that issue the annuity products as commissions ranging from 0.5% to 2.5%. Index annuity commissions range from 2.5% to 6% based on initial purchase payment. Single premium immediate annuity commissions vary are generally 1 - 3%.

Limitations

FASC typically has focused on Fixed & Fixed Indexed Annuities. Variable annuities, while available, are insurance products FASC does not typically recommend. Insurance carriers may impose restrictions outlined in their prospectus. Waivers may not be available in all states.

Risks and other Relevant Information

Fixed annuities are designed to provide a stated return for a stated period of time. While fixed annuities provide a guaranteed return of the original purchase payment, if the contract is fully surrendered in the surrender charge period, early withdrawals and partial surrenders could result in the loss of any earnings credited to the contract, in addition to potential tax penalties. A fixed annuity typically does not have cost–of–living adjustments to keep pace with inflation, so your spending power from the payments you receive may decline over time. If inflationary protection is a priority, please let your Investment Professional to provide investment advice this and all your financial goals.

Fixed index annuities are designed to provide a return based on indices such as the S&P 500. Fixed index annuities provide a guaranteed return of the original purchase payment upon a full surrender, however early withdrawals and partial surrenders could result in the loss of any returns credited to the contract, in addition to potential tax penalties. An index annuity typically does not have cost–of–living adjustments to keep pace with inflation, so your spending power from the payments you receive may decline over time. If inflationary protection is a priority for you, you may want to consider financial products other than an index annuity. Though an indexed annuity can be an important part of your overall portfolio and provide steady income, the assets you commit to an index annuity will not be available to other types of financial products or investments. You should carefully consider your overall needs and goals prior to committing any part of your assets to an index annuity.

Variable Annuities are designed as an investment for long–term goals. They are not suitable for short–term goals because you may be subject to charges or other penalties if you withdraw your money early. Variable annuities also involve investment risks akin to owning a mutual fund. Note that if you sell or withdraw money from a variable annuity too soon after your purchase, the insurance company will impose a "surrender charge." Surrender charges will reduce the value of, and the return on, your investment. Carefully review the annuity contract and, where applicable, the investment subaccount prospectuses. Your contract value is not guaranteed. It may increase or decrease based on investment performance, additions and withdrawals. Election of a variable annuity living benefit rider does not guarantee a rate of return on your contact value— only a percentage of the withdrawal amount.

Single premium immediate annuities (SPIA) – SPIAs are designed to provide an immediate income stream through annuitization of the purchase payment. SPIAs typically require the income benefit to commence within 13 months of purchase. Since immediate annuities provide lifetime income via annuitization once income starts, there is no longer a deferred or surrender value to the annuity. You should carefully consider your ability to meet emergency expenses prior to converting your assets into an income stream.

Before investing delivery of the annuity buyers guide is a regulatory requirement. The Guide details what consumers should know and what they should ask their Investment Professional when contemplating an annuity, including fees and cost. Clients are also provided a prospectus. In order to initiate the purchase of any annuity, a Summary Statement of Charges form is included as part of the application documents a client must sign. The Summary Statement of Charges form is specific to each product type and details the cost and fees associated with the product. When the contract is issued, the contract is mailed directly to the client's resident address. The contract contains all the fees, terms and conditions of the contract inclusive of carrier service numbers, websites where additional information can be obtained.

Brokerage Fees

FASC charges certain account fees or other amounts in the normal course of providing services or products to you. These charges may include fees for certain administrative services.

Administrative Service Fee

This fee is authorized by the client and it represents an annual percentage collected quarterly for additional services to the account regarding assistance of with managing administration of account. For example, reorganizations, liaise with your accountant or client authorized, interested parties, processing of checks, wires & EFT and other clerical support related to the account.

Custody Services Fees

As a fully disclosed introducing broker/dealer FASC has arranged a custodial relationship with Fidelity Clearing & Custody Services (a/k/a National Financial Services), who will directly charge FASC's clients for the following services:

- Retirement: Maintenance fee $35.00
- Liquidation fee $95.00

- Wire transfer fee $25.00
- Foreign Securities Transfer – pass through fees
- Precious Metals Transfer & Delivery – pass through fees

Accounts may be subject to other fees directly charged by the custodian.

IV. Investment Management Services

Regarding investment management services offered as an Investment Advisor, the costs to the clients is an asset-based fee charged as an annual percentage of the total value of your accounts.

Investment Management Services the fee will generally range from 1% - 2% of the total value of the assets in the account. The Fee will be mutually agreed after the client signs the Investment Management agreement.

V. Compensation & Potential Conflicts

Compensation

FASC and its investment professionals earn compensation in various ways, which you should be aware so you can better evaluate the recommendations you receive. FASC earns revenue from our clients and third parties.

For brokerage services, you generally compensate FASC and its Investment Professionals through costs incurred with each transaction. This differs from an investment advisory account relationship in which the compensation is fee based on the assets under management and not transaction based. Miscellaneous account and administrative charges, as noted earlier, associated with your account will also be charged to your account.

Compensation to its Investment Professionals

FASC's compensation program was developed to promote best practices, support our business objectives enhance value, and attract and retain talented and experienced individuals who share the values of FASC. Compensation creates incentives for our Investment Professionals to, among other things, recommend certain product and services, generate revenue and solicit assets to our firm. Policies and procedures exist to mitigate Conflicts of Interest, where possible. See below components of the compensation plan, outlining ways in which different conflicts of interests manifest themselves.

The conventional basis for the compensation for our investment professionals is primarily the fees and commissions paid in connection with the products and services decided by the clients. The underlying calculation of an investment professional's compensation is based on total revenue attributable to the investment professional. Total revenue generally includes commissions, mark ups/downs and fees collected on fee–based products and services. The percentage of total revenue paid to your Investment Professional varies and is subject to change but generally increases as total revenue attributable to your investment professional increases. The payout for Investment Professionals at FASC generally does not exceed 50%. Payouts are standard but may vary over time, and FASC may offer a base salary in exchange of the standard payout structure accounting for other responsibilities the Investment Professional holds.

Additionally, Investment Professionals and all employees of Florida Atlantic Securities participate in the annual Bonus from the yearly profits of the firm.

As an employed owned firm, Investment Professionals will receive Board approved distributions from the retained earnings of the firm.

Conflicts of Interest & Other Disclosures

A conflict of interest can be defined as an interest that might incline a broker–dealer or its Investment Professional to consciously or unconsciously make a recommendation that is not disinterested. FASC has adopted policies and procedures reasonably designed to appropriately prevent, limit or mitigate conflicts of interest that may arise between FASC, and its Investment Professionals. Certain actual or potential conflicts of interest are described below, while others are described throughout this Guide, particularly those relating to fees and other compensation received by FASC's Investment Professionals.

Investing in Securities in which FASC or a Related Person Has a Material Financial Interest

FASC and its related persons may recommend or invest in securities on behalf of its clients that FASC and its related persons may also purchase or sell. As a result, positions taken by FASC and its related persons will be the same as or different from or be made contemporaneously with or at different times than, positions taken for clients. As these situations involve actual or potential conflicts of interest, FASC has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations. These policies and procedures are intended to identify and mitigate actual and perceived conflicts of interest with clients and to resolve such conflicts appropriately if they do occur. The policies and procedures contain provision supervisory procedure to address potential conflicts of interest with respect to the activities and relationships of related persons that might interfere or appear to interfere with making decisions in the best interest of clients, including the prevention of front–running.

As an independent, regulated company we are not presented with the conflict of being incentivized to promote proprietary products and believe this is a benefit to clients.

The list of services and products expressed above represent how FASC can service its clients to reach their financial goals. Other services or securities, which FASC does not consider part of its core may be available upon the client's request; for example, margin or DVP accounts, and will provide costs, risks, potential conflicts, compensation to the firm, and other material information.

If you would like to learn more about investment products you can go to https://www.finra.org/investors/learn-to-invest/types-investments and/or you can contact your Investment Professional about investments products, services or questions regarding your financial matters.