# Halo Securities, LLC
# Regulation Best Interest Disclosure

December 2022

Regulation Best Interest (Reg BI) requires Halo Securities, LLC ("Halo") to disclose in written form information about the financial services we offer to clients, how we are compensated and the product and service alternatives that are available to you as part of your relationship with us. We encourage you to review this disclosure carefully, along with applicable Halo account documentation, including our Customer Relationship Summary ("Form CRS"). If you have questions about your account or how we can further assist you, please contact your Financial Professional or Compliance@haloinvesting.com. These documents contain important information about the type of services we offer, along with specific information related to compensation, conflicts of interest, disciplinary action and other information.

**Introduction**

We provide Private Placements, 529 Plans, advisory services and Annuities to you through one or more of our affiliates. We offer these services through individuals whom we refer to as "Financial Professionals. Your Financial Professional is licensed with us to provide services through one or more of our affiliates. (A list of our affiliated companies is set forth below). Our affiliated company may offers products or services that Halo does not. Our broker-dealer is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

- Halo Insurance Services, LLC

**Incidental account services, Recommendations and Account monitoring**

We also provide incidental services for accounts. These may include research and recommendations to buy, sell, or hold investments. When we make a securities or allocation recommendation, investment strategy recommendation, or recommend rolling over assets from your Qualified Retirement Plan ("QRP") to an Individual Retirement Account ("IRA"), we do so as a broker-dealer. Our fiduciary duty, except in certain situations involving accounts like those governed by the Employee Retirement Income Security Act of 1974 ("ERISA"), extends only to executing trades for you competently, based on your instructions and any recommendation we make other than accounts grounded by ERISA. Annuities, 529 Plans and Private Placement accounts do not carry an ongoing fiduciary relationship with you. We are, however, at all times required to act in your best interest, pursuant to Reg BI, without placing our own financial or other interest ahead of your interest.

When we make recommendations, the recommendation must be in your best interest. We will consider reasonably available alternatives and your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other information you provide us. You may accept or reject any recommendation. It's your responsibility to monitor the investments in your account, and we encourage you to do so regularly. We do not provide on-going monitoring of your account.

We may provide you with other resources in connection with your account. This includes educational information, sales and marketing materials, performance reports, asset allocation data, and/or periodic account reviews, all in connection with recommendations we make. These activities in themselves should not be considered a recommendation to trade or hold any existing positions in your account.

**How we are compensated**

We receive direct and indirect compensation from your account. Direct compensation is taken from your account and indirect compensation is paid in ways other than directly from your account and may impact the value of your account.

**Understanding the Risk and Recommendation**

All investment recommendations and activities involve risk, including the risk of losing your entire principal. Some investments involve more risk than others. Higher-risk investments potentially have higher returns but also greater risk of loss. The higher your "risk tolerance," the greater the risk of loss in achieving your investment goals. We try to align risk tolerance with investment needs to offer different investment objectives. You should select the investment objective(s) and risk tolerance best aligned with your account and needs.

Our account application requires you tell us about your investment goals as well as your risk tolerance. The following is a brief table that summarizes investment objectives:

| Investment objectives and Risk tolerance |
|---|
| • Capital Preservation |
| • Income |
| • Growth |
| • Speculation |

For a complete description and discussion of these concepts, please see the "Investment Objectives and Risk Tolerance" sections of our standard account applications which you can obtain from your Halo financial professional.

Investment goals reviewed in the context of risk tolerance level results in various mixes of higher or lower risk investments. For example, "Income" investors may hold fewer higher-risk investments. "Growth and Income" investors may hold a balance of both higher-risk and more conservative lower-risk investments. "Growth" investors may hold the majority of their portfolio in higher-risk investment, often equities. Investors interested in speculation may hold large percentages of very high-risk investments.

Our recommendations depend on your risk tolerance and investment objective(s). You must determine your investment objectives and risk tolerance as we make recommendations to you. If your life circumstances, goals, risk objectives, or risk tolerance changes, so too may the recommendations we make to you, based on these changes.

**No assurance of investment returns or principal preservations**

There can be no assurance that investments will generate any returns or that principal balances will be preserved. Investing in securities or annuities of any kind involves a risk of loss, including the risk of a total loss of principal. Investments in securities (including money market funds) are generally subject to a variety of risks, including interest rate risks, credit risks and general market risks; therefore, any actual returns that are generated are inherently unpredictable. There can be no assurance or guarantee that principal balances will be preserved or that investments will generate returns that will be commensurate with your expectations, investment objectives or investment strategies.

**Accounts and Service costs**

1. 529 Plans through Mutual Funds

    a. Front-end sales commission, sometimes referred to as a "Load," may be charged and paid to us when you purchase a fund. These front-end sales charges are deducted from the initial investment when you buy certain share classes of mutual funds. This charge normally ranges up to 5.75%. Some purchases qualify for a reduced front-end sales charge due to breakpoint discounts based on the amount of transaction you make and any "Rights of Accumulation," (herein defined as purchases made separately over a specified period of time) or Letters of Intent ("LOI"). In addition, some purchases may qualify for a sales charge waiver based on the type of account, and/or certain other qualifications. You should contact your Halo registered representative for further descriptions.

    b. Contingent Deferred Sales Charge ("CDSC") is a charge you pay when you withdraw money from certain funds prior to the end of the fund's "CDSC Period." CDSC charges range from 0.00% to 5.50%. CDSC durations can range up to seven years, depending on the fund, and reduces over the duration you hold the fund. This charge typically exists on share classes that do not have a front-end sales charge, i.e. "B" or "C" class funds, rather than "A" class. The CDSC sometimes is referred to as a "back-end load." CDSCs are not charged when you purchase a fund. The fee charged will depend on the share class you purchase. 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 value of the fund and will affect the "Net Asset Value" of the fund.

    c. We receive 12b-1 fees, also known as "Trails", based on fund assets from various mutual fund sponsors under a service arrangement to cover distribution expenses and sometimes shareholder service expenses we provide. Shareholder servicing fees are paid to us to respond to investor inquiries and provide investors with information about their investments. These fees are asset-based fees charged by the fund family. They range from 0% to 1%. Fees may be passed on to Halo and your financial professional as a service fee.

2. Annuities

    a. Annuities may be fixed, indexed, and/or variable. Under arrangements with annuity companies who issue these contracts, Halo and your financial professional receive commissions for the sale of annuities, as well as trail compensation. This is considered indirect compensation. Commissions and trails paid to us vary by product type and may also vary by carrier. For additional information regarding annuities, please refer to the prospectus for the annuity in which you are interested.

    b. We offer variable, fixed and indexed link annuities from certain insurance companies. Those companies pay us commissions of up to 50 basis points (.5%) of the amount invested for each sale of their annuities. The commissions they pay us vary by product type and may vary by insurance carrier. We pass on up to 10 basis points (.1%) to your Financial Professional and retain any remaining amount.

    c. Certain annuity contracts also include optional benefit features and riders, which may entail additional fees charged on top of the base fee associated with the contract. These fees range from 0.25% to 2% on an ongoing basis. Note that if you terminate an annuity contract before the conclusion of its surrender period, the annuity carrier will charge a surrender fee based on the value of the contract. Surrender charges can start as high as 7% and will decrease annually as you get closer to the end of the surrender period but some of our annuities have no surrender charges. We do not receive any compensation from the surrender charge.

d. Variable annuities typically charge Mortality and Expense ("M&E"), Administrative Expense, and Sub-Account Expense fees on the underlying value of the annuity. The M&E fee on average ranges from 0.85% to 1.5% and the Administrative expense typically ranges from 0% - 0.3% annually. Variable annuity sub-accounts are similar to mutual funds, and charge ongoing expenses for fund management and administration. The expenses for these underlying investments range from 0.25% to 3.0% annually, and are typically charged daily on a prorated basis as a percentage of your assets. Please refer to the prospectus for more information on sub-account expenses.

3. Private Placements

a. A private placement is a non-public offering of securities exempt from full SEC registration requirements. Investors in these offerings typically are Institutional Investors or Accredited Investors. "Institutional Investors" as defined in FINRA Rule 4512(c) and includes (i) a bank, savings and loan association, an insurance company or registered investment company; (ii) an investment adviser registered either with the SEC or with a state securities regulatory agency; or (iii) any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least $50 million. "Accredited Investors" as defined in SEC Rule 501(a) and includes natural persons with a net worth of more than $1 million (not including the person's primary residence) or with an annual income of at least $200,000 each year for the last two years (or $300,000 combined income with the person's spouse or spousal equivalent) and expect to make the same amount during the current year.

b. Most Private Placements have a minimum investment amount which can vary by issuer and placement. Investment minimums may be waived and listed in the private placement memorandum ("PPM") or similar offering documents.

c. Private Placements are typically extremely speculative, illiquid, and include unique risks. While we will take reasonable care in developing and making recommendations to you, private placements involve risk, and you may lose money. There is no guarantee that any private placement will meet the stated investment goals or that our recommended investment strategy will perform as anticipated. Please consult any available PPM or other offering documents for any security we recommend discussing risks associated with the product.

d. It is important to consider that while private placements may provide a cost-effective way to invest in private companies, they are not for everyone, given the risks, fees, and costs involved. You will pay transaction-based fees when you subscribe to a private placement. These transaction-based fees are generally referred to as a "commission" or a "sales concession." For each placement, we receive sales compensation based on the amount of money invested. The amount of compensation is generally up to 7% of your initial investment, but the exact amount varies by issuer. Again, exact terms of fees and expenses vary between each private placement offering. The specific fees and expenses associated with a private placement are listed in the PPM or similar offering document.

**Conflict of interest**

Various conflicts of interest exist when we provide services to you. A conflict of interest or potential conflict of interest develops when we engage in an activity where our interest is materially or potentially could be adverse to your interest. These conflicts do not mean harm to you will occur, but it is important we disclose conflicts because they can affect or bias our recommendations to you. Moreover, regulatory obligations require that we establish, maintain and enforce written policies designed to address conflicts of interest associated with any recommendations to you.

The following disclosures are intended to explain the potential conflict of interest that Halo may have with its customers:

a. Commission: For certain financial transactions and depending on the product chosen by the customer, we receive a commission when we execute transactions that result in the purchase or sale of a security. A commission is typically paid at the time of the transaction and can reduce the amount available to invest or can be charged directly against an investment. We may also have an incentive to recommend that you purchase investment products that carry higher fees, instead of products that carry lower fees or none at all. When we make recommendations to you, please understand you are under no obligation to accept any recommendation.
b. Trail compensation: Ongoing compensation from product sponsors may be received by us and shared with our financial professionals. 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 agreement and is calculated as an annual percentage of invested assets. The amount of compensation varies from product to product. We may have an incentive to recommend that you purchase and hold interest in products that contain higher trails.
c. Potential lack of diversification: As we offer limited products, the investments we recommend will be limited in number and, as a consequence, will have limited diversification by asset type, products and other criteria.
d. Illiquidity of Investment purchases: Purchases of a private placement we recommend should be considered a long-term investment and liquidity may not be achieved at the most favorable price.

Please consult the applicable offering documents for any investment product we recommend for a discussion of the specific risks associated with product.

**Conclusion**

We hope this disclosure is helpful in enhancing your understanding of our brokerage services as it relates to the material facts relating to the scope and terms of your current/future relationship with us, and that this information will help you evaluate recommendations you receive from us regarding securities transactions and investment strategies involving securities (including account recommendations).

If you have any questions now or in the future about any of the topics discussed herein, do not hesitate to contact us or your Financial Professionals.