

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

JBS is a FINRA member broker-dealer, and a member of the Securities Investor Protection Corporation. Our Form CRS for JBS contains important information about the types of services we offer, along with general information related to compensation, conflicts of interest, disciplinary action and other information.

JBS is a limited scope broker-dealer for retail investors. Our primary service is providing operational support for existing mutual funds, annuities, and 529 education accounts. Those mutual fund, annuities and 529 accounts may have an internal operating expense that affords an annual compensation in the form of commission trails that is paid to JBS. When new money is added to an existing annuity, JBS may receive compensation in the form of a commission. JBS only conducts business as an application-way broker-dealer, meaning all accounts are maintained directly at the mutual fund, 529 or annuity provider. JBS does not have any client accounts and does not use a clearing firm. JBS does not provide margin services, and you must pay for your purchases in full at the time of purchase.

BROKERAGE SERVICES AND YOUR INDEPENDENT INVESTMENT ADVISOR

JBS does not monitor accounts, but rather, it provides for you to select your own outside independent investment advisor ("IIA") to serve as your relationship manager and to conduct regular reviews with you to confirm your investments remain suitable. JBS merely conducts a superficial regulatory background check at the time you select your IIA and then pays your chosen IIA on your behalf from the compensation JBS receives from your investment providers. JBS does not pay your IIA any commissions. Instead, JBS pays your IIA based on the amount, complexity and profitability of assets they service. You may choose any IIA you wish, subject to a superficial background check for regulatory violations, and you may change your IIA at any time.

INDEPENDENT INVESTMENT ADVISOR RECOMMENDATIONS AND ACCOUNT MONITORING

JBS does not provide any financial advice and does not make investment recommendations. We do not provide services such as research reports or recommendations to buy, sell, or hold assets. When you make a securities transaction or rollover assets from your Qualified Retirement Plan to an Individual Retirement Account, you are either acting independently or based on the recommendation of your IIA, and we merely process your request in our capacity as a broker-dealer.

JBS DOESN'T MAKE RECOMMENDATIONS

When your IIA makes a recommendation to you, or directly to JBS on your behalf in accordance with a third party authorization, JBS merely accept your instructions and trusts you to have reviewed the risks and the appropriateness of any decisions you have made or any recommendation you received. JBS is only obligated to ensure your investments are suitable for you based on the profile you provide. You and your IIA must determine whether a recommendation is your in your best interest. We do not agree to enter into a fiduciary relationship with you. You may accept or reject any recommendation provided you by your independent investment advisor. It is also your responsibility to monitor your investments, and we encourage you to do so regularly. We do not commit to monitoring your investments or accounts. If you desire monitoring of your account or investments, you should speak with an independent investment advisor about whether an investment advisory relationship is appropriate for you.

JBS IS NOT A FIDUCIARY

JBS does not provide you with any information or resources to assist you with managing your brokerage account, so all advice, educational resources, sales and marketing materials, performance reports, asset allocation guidance, or periodic account reviews are assumed to be provided by some other outside source, including your IIA. When we provide IIA services to you, we merely do so as a courtesy and JBS does not endorse your IIAs recommendations or advice in any way. Supporting your choice of an IIA is not our way of endorsing your IIA or our assumption of any fiduciary responsibilities such as monitoring or investments responsibilities. Instead, our compensation and support of your IIA is merely a courtesy service provided to you. You must conduct all due diligence in selecting your IIA and retain full responsibility for evaluating the advice provided you by your IIA.

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. 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.

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, some types of brokerage investment products have minimum account requirements and/or minimum on-going balance requirements that must be maintained, or your account will be closed. These requirements are detailed in the respective investment account agreement(s) you receive when you open your account.

BROKERAGE SERVICE MODELS AND PRODUCTS

We only offer limited-scope brokerage services, which means that we do not offer a full-suite of investment products, and generally receive only trail commissions on existing client accounts.

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 Funds, mutual funds, annuity contracts, and other investment purchases and sales.

These transaction-based fees are generally referred to as a "commission," "mark up," "sales load," or a "sales charge."

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 investment account statement and other notifications. These fees do not apply to all account types and may differ between investments.

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.

FINANCIAL PROFESSIONAL SCHEDULES

Financial professionals are compensated by a flat salary, which attempts to negate any conflicts. Some independent professionals receive a percentage of revenue generated from sales of products and services to clients and/or 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, financial professionals may be incentivized to recommend products that have higher fees as well as those with on-going payments.

Financial professionals 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, financial professionals 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. Financial professionals 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.

Brokerage accounts usually do not feature an on-going fee based on assets under management, and as a result, financial professionals may be incentivized to recommend you transition your brokerage services account to an advisory account to generate on-going revenue where your brokerage account has minimal activity. However, we have controls established to identify and mitigate this. Additionally, JBS typically only services existing contracts and investments that are already paying an ongoing fee based on assets, thereby negating this potential conflict.

MUTUAL FUNDS

We currently offer thousands of mutual funds 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.

12B-1/SHAREHOLDER SERVICE FEES

Annual 12b-1 fees, also known as trails, 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%, but the majority of these fees are below 0.85%. These fees may be passed on to us and may in turn be passed on to your financial professional as a commission. We have an incentive to recommend that you purchase and hold interests in products that may pay us higher trails.

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 may benefit by making available those share classes or other product structures that will generate the highest compensation to us.

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 professional, when you purchase a fund. The front-end sales charge 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 financial professional if you believe you are eligible for sales charge waivers.

CDSC is a 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 professional. 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.

REVENUE SHARING

We do not participate in revenue sharing with mutual fund companies or insurance carriers

ANNUITIES

Our annuities consist of variable annuities. Under arrangements with insurance companies, we, including your Financial professional, 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. Within variable annuities there are usually multiple commission options a financial professional can select. The annual fees and charges on the contract that will be paid in the aggregate are not affected by the commission option selected by your financial professional. In general, the greater the commission paid, the lower the trail; and the lower the commission; the greater the trail. For specifics regarding the exact option chosen for a particular annuity, contact your financial professional. For all currently offered variable contract annuities, commission options

range from 1% to 2% while trail commission options range from .25% to 1.25%.

TRADE CORRECTIONS

When a trade error is identified in your account, we will promptly make a trade correction by putting the same position in the account as if the error did not occur. If the trade correction results in a loss in your account, we will retain such losses. If the trade correction results in a gain in your account, we will retain such gain, resulting in a financial benefit to us.

COMPENSATION FOR TERMINATION OF SERVICES

Other than any 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, the firm would not receive any additional compensation in connection with the termination of its services. If you have questions or need additional copies, contact your financial professional.

BROKERAGE – EXCLUDED ADVISORY ASSETS

As described above, our brokerage services differ from advisory services.

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 averse 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 financial professionals, 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 financial professionals, and our affiliates to earn compensation when we provide brokerage services to you. However, the compensation that we and our financial professionals 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, 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 professional may 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 may carry higher fees, instead of products that carry lower fees or no fees at all.

ADDITIONAL RESOURCES

► **JBS Form CRS** johnstonebrokerage.com/FormCRS