Regulation Best Interest Disclosure October 2022

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.

Essex Securities LLC (herein referred to as "Essex", "Us", "Our", "We") is a broker-dealer registered with the United States Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"), the Municipal Securities Rulemaking Board ("MSRB") and the Securities Investor Protection Corporation ("SIPC"). Essex Securities maintains securities accounts through a fully disclosed clearing relationship with RBC Correspondent Services (herein referred to as "clearing firm" or "RBC"). Essex is affiliated with Essex Advisory LLC ("Essex Advisory"), an SEC-registered investment adviser firm. 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 Essex Advisory's Disclosure Brochure ("Form ADV, Part 2A") or the Customer Relationship Summary ("Form CRS") available at essexsecurities.com. Our Form CRS contains important information about the types of services we offer, both brokerage and investment advisory, along with general information related to compensation, conflicts of interest, disciplinary action and other reportable legal information.

Essex maintains a network of individuals, referred to as "Financial Professionals", who offer brokerage services, investment advisory services, or both, depending on their licenses. Some of Essex's Financial Professionals are investment adviser representatives of Essex Advisory. Essex sometimes refers to these specific Financial Professionals as "financial advisors" or "advisors."

Brokerage services

Essex is an "Introducing Broker-Dealer", meaning we do not hold custody of your funds and securities. Instead we have an agreement with a clearing firm who safeguards your assets and executes trades on our behalf. When you establish a brokerage account through us, at our clearing firm, RBC, you can buy, sell and hold investments within your account. The primary service we provide through RBC, 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 and we can earn a profit on those trades. The capacity in which we act is disclosed on your trade confirmation. The capacity in which we act is disclosed on your trade confirmation. In our agreement with RBC they not only carry your account, but also provide certain back office functions. We and the clearing firm share responsibilities with respect to your account.

BROKERAGE ACCOUNT TYPES

We offer a variety of different brokerage account types including:

- individual and joint accounts,
- estate and trust accounts,
- partnership accounts,
- individual retirement accounts, and
- other types of retirement accounts

ACKNOWLEDGMENT OF FIDUCIARY STATUS WITH RESPECT TO RETIREMENT ACCOUNTS

The U.S. Department of Labor recently issued a new rule pertaining to investment advice provided to retirement investors, called Improving Investment Advice for Workers & Retirees. The rule applies to retirement accounts governed by the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("Code"), including Individual Retirement Accounts ("IRA") and Education Savings Account ("ESA"). Pursuant to the rule, we are providing the following acknowledgment:

When we provide "investment advice," as defined under Title I of ERISA or the Code, to you regarding your retirement plan account, IRA, or ESA, we are fiduciaries within the meaning of ERISA and/or the Code. The way we make money creates some conflicts with your interests, so when we operate as a fiduciary for your retirement account(s) we operate under a special rule, PTE 2020-02, that requires us to act in your best interest and not put our interest ahead of yours. To the extent that particular communications to you or activities are considered "investment education" or otherwise non-fiduciary under ERISA, we are not a fiduciary in connection with such communications or activities.

The Department of Labor has published a guide titled Choosing the Right Person to Give You Investment Advice: Information for Investors in Retirement Plans and Individual Retirement Accounts, which can be found at https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/faqs/choosing-the-right-person-to-give-you-investment-advice.

CASH 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 RBC. While many securities are eligible to be used as collateral for a margin loan, some assets are not available for margin collateral purposes. We have a financial incentive to encourage you to borrow on margin because we share revenue in the form of interest, transaction charges and other fees on investments made with borrowed amounts. This financial incentive creates a conflict of interest as Essex and our Financial Professionals benefit from your decision to borrow and incur the various fees and interest described above. 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 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 your Financial Professional or refer to the RBC Express Credit Account Agreement and Application, as well as the RBC Express Credit Disclosure Statement. You can also visit RBC's website: http://www.rbccorrespondentservices.com/

INCIDENTAL BROKERAGE SERVICES, RECOMMENDATIONS & ACCOUNT MONITORING

Within your brokerage account, we also provide other incidental services such as recommendations to buy, sell, or hold assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets, 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. Except when providing advice to a retirement account as described above, we do not agree to enter into a fiduciary relationship with you when acting in a brokerage capacity.

It is important for you to understand that when our Financial Professionals 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 Financial Professional 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 RBC to carry your account and provide certain back-office functions. We and RBC 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.

SUBSCRIPTION-WAY ACCOUNTS[1]

Essex and our Financial Professionals receive compensation from investment product sponsors on the investments you make in securities such as direct mutual funds, annuities, and alternative investments. Some of this compensation is commonly known as "trail compensation" in which we and our Financial Professionals receive ongoing compensation from certain investment products under a distribution or servicing agreement with the product sponsor. The more assets you invest in the product, the more we will be paid in these fees, therefore we have an incentive to encourage you to increase your account size. Furthermore, the volume of trails received varies by product type and sponsor, therefore creating an incentive to recommend a product that pays a higher trail over a lower trail.

For more information about trail compensation received with respect to a particular investment, please refer to the prospectus or offering paperwork.

PRIVATE PLACEMENTS

We offer private placements to "Accredited Investors" only. A private placement is a non-public offering of securities exempt from full SEC registration requirements. We typically offer private placements associated with real estate investments, including apartment buildings and other rental properties. Accredited Investors is defined by SEC Rule 501 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 at least $200,000 each year for the last two years (or $300,000 combined income if married) and have the expectation to make the same amount during the current year. Private placements generally carry a minimum investment of $100,000, which may be waived. Specific information about investment minimums can be found in the private placement memorandum (PPM) or other offering documents.

Once you subscribe in a private placement, we do not monitor your investment on a regular basis. From time to time we may provide you with additional information and resources to assist you with managing your investment. This may include but is not limited to educational resources, financial reports; summaries and/or updates about the issuer. 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, 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. 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.

Understanding Risk

[1] "Subscription-way" is a common procedure whereby the check used to purchase securities is made payable to the issuer (or other third party) and is forwarded by the selling broker-dealer to the issuer or the issuer's agent.

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 "Preservation of Principal/Income" investors typically holding the smallest percentage of higher- risk investments, followed by "Growth" investors holding *some* higher-risk investments, and finally "Speculation" 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 Minimal, Low, Moderate, High and Maximum risk. See the chart below for details:

Investment Objective	**Investment Objective Description**	**Risk Tolerance**	**Risk Tolerance Definition**
Preservation of Principal/Income	The investment goal is capital preservation and generation of current income.	Minimal	Investors with a minimal tolerance for risk who are willing to accept the lowest possible returns which may not keep pace with inflation.
		Low	Investors with a low tolerance for risk who are willing to accept some level of volatility to seek returns with less fluctuation in value.
Balanced Growth	The investment goal is a balance between capital appreciation and wealth preservation.	Minimal	Investors with a minimal tolerance for risk who are willing to accept the lowest possible returns which may not keep pace with inflation.
		Low	Investors with a low tolerance for risk who are willing to accept some level of volatility to seek returns with less fluctuation in value.
		Moderate	Investors with a moderate tolerance for risk who are willing to accept modest returns with potential for some fluctuation in value.
Growth	The investment goal is capital appreciation	Low	Investors with a low tolerance for risk who are willing to accept some level of volatility to seek returns with less fluctuation in value.
		Moderate	Investors with a moderate tolerance for risk who are willing to accept modest returns with potential for some fluctuation in value.
		High	Investors with a moderate to high tolerance for risk willing to accept the potential for greater fluctuation in value to seek higher returns.
Aggressive Growth / Aggressive	The investment goal is significant capital appreciation and/or	Moderate	Investors with a moderate tolerance for risk who are willing to accept modest returns with potential for some fluctuation in value.

Income	income generation.	High	Investors with a moderate to high tolerance for risk willing to accept the potential for greater fluctuation in value to seek higher returns.
		Maximum	Investors with a high tolerance for risk who are willing to accept the potential for significant fluctuation or loss in value while seeking to maximize potential returns.
Speculation	The investment goal is to maximize capital appreciation.	High	Investors with a moderate to high tolerance for risk willing to accept the potential for greater fluctuation in value to seek higher returns.
		Maximum	Investors with a high tolerance for risk who are willing to accept the potential for significant fluctuation or loss in value while seeking to maximize potential returns.

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. More information about risks can be found in your account agreement(s).

Private Placements are extremely speculative, illiquid, and includes 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 for a discussion of risks associated with the product. We can provide those documents to you before you invest.

When private placements are offered, the PPM contains important information about a particular investment's business, operations, financial condition and risks. The risks below include a summary of risk factors and is not meant to be all inclusive. These include the following:

- **Investments are Generally Risky and Offer No Guarantee of Success.** All investments generally bear the risk of partial or complete loss of capital. There is no guarantee that an investment will be profitable.
- **Illiquidity.** Private placements have limited transferability and investors may not be able to liquidate their interest in an issuer. Because of a variety of restrictions upon the transferability of the issuance, including restrictions imposed by federal securities laws, an Investor may be required to retain their investment indefinitely. As a result of the foregoing factors, prospective investors must understand that there currently is not, and may never be, a market of any kind for the purchase and sale of the interests.
- **Limited Operating History.** An issuer that engages in a private placement may be in the early stages of development with a history of little or no revenues and may operate at a loss following the offering. Such issuers are typically subject to the difficulties, uncertainties and risks associated with the establishment of a new business such as manufacturing capability, limited product lines, the existence of more experienced or better capitalized competition, and reliance on a few large suppliers or customers, depending on the product offerings.
- **Forward-Looking Statements.** Issuer material may contain forward-looking statements. When used in the material, including but not limited to words such as “believe,” “anticipate,” “intend,” “plan,” “seek,” “will be,” “expects,” “estimates,” “projects” and similar expressions identify such forward-looking statements. Such statements regarding future events and/or the future financial performance of an issuer are subject to certain risks and uncertainties which could cause actual events or the actual future results of the issuer to differ materially from such forward-looking statements. Certain of these risks include changes in the markets in which the issuer

operates, technological advances, changes in applicable regulations and new entries into the market. In light of the significant risks and uncertainties inherent in the forward-looking statements included herein, the inclusion of such statements should not be regard as a representation by the issuer or any other person that the objective and plans of the issuer will be achieved.

- **Additional Financing.** An issuer that operates at a loss or with limited cash flow following a private placement may be required to secure additional financing in order to fund its operation. If the issuer decides to issue additional equity securities, it is possible that their issuance will result in dilution of the interests of existing shareholders. To the extent that the issuer incurs indebtedness, the issuer will be subject to certain risks including interest rate fluctuations and inability to generate sufficient cash flow to make scheduled payments.
- **Dependence on Key Personnel.** An issuer is often highly dependent on the services of key technical and management personnel and loss of their services could have a material adverse effect on the issuer's business or operations.
- **Changes in Capital Markets and the Economy.** Each issuer is materially affected by conditions in the global capital markets and the economy generally. Concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit may contribute to increased volatility and diminished expectations for the economy the markets or this investment going forward. These factors, among others not listed, may contribute to increased likelihood of issuer failure and loss of investment. In addition, small and new businesses may be particularly susceptible to such factors.

Because the risks of each issuer and placement are unique, it's important to review the PPM or other offering material, understand the unique risks of the particular investment under consideration, and ask your registered representative additional questions about the business practices and risks associated with any recommended private placement.

Commissions, Fees and Other Types of Sales 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.

COMPENSATION FOR FINANCIAL PROFESSIONALS

Essex and our Financial Professionals 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. In addition to the commissions detailed below, there is a $3 Postage, Insurance and Handling fee charged on all trades executed through RBC. This charge is disclosed on your trade confirmation.

Essex receives upfront *transaction-based fees*, also known as commissions, when it executes transactions that result in the purchase or sale of a security. A commission, which also may be called a sales load, sales charge, mark up/mark down, or placement fee, is typically paid at the time of the sale and can reduce the amount available to invest or can be charged directly against an investment. 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

We receive the sales charge or commission and shares it with your Financial Professional. In some cases, a portion of the sales charge or commission is retained by the investment's sponsor. Commissions vary from product to product, which creates an incentive to sell a higher commission security rather than a lower commission security. The maximum and typical commissions for common investment products are listed below. For more information about other commissions that apply to a particular transaction, please refer to the applicable investment's prospectus or other offering document.

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. Below is a disclosure of the commission charged to you and received by us and your Financial Professional.

Equities, Options and Other Exchange Traded Securities.

The Financial Professional will receive a portion of commission in connection with the service provided. The maximum commission charged by Essex in an agency capacity on an exchange traded security transaction, such as an equity, option or ETF, is 3.75% of the transaction amount. Equity trading commissions rates vary depending on the number of shares, trade price, and principal value of transaction. Commission rates decrease as the number of shares, trade price, and principal value increase. 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.

Syndicates

"Syndicate" refers to the issuance and sell of new issue securities, including Equity Initial Public Offerings and follow-on offerings, new issue preferred offerings, new issue Closed-End Funds (CEFs), and customized fixed income offerings. As part of a syndicate transaction, your financial advisor will receive compensation in the form of a selling concession, which is paid by the issuing company. Generally, the selling concession that the financial advisor receives is in the range of 0.5% to 3%. The issuing company also pays management and structuring fees to the underwriter. Details of the management and structuring fees, and selling concession are contained in the offering prospectus. If you invest in a new issue security offering, you will purchase the offering at the Public Offering Price and will not be charged any direct and/or additional fees in order to make that syndicate offering purchase. Financial advisors typically receive limited allocations to new and follow-on offerings. This creates an incentive for financial advisors to favor certain clients over other clients, particularly those clients who generate greater compensation for the financial advisor. Further, financial advisors have an incentive to provide different levels of service to their clients, including providing preferential service to those clients who generate greater compensation. Partially filled orders will be allocated on a pro rata basis.

Debt Securities

For debt securities, including corporate bonds, municipal bonds, structured products, preferred securities and CDs, we may apply a charge (i.e., markup or markdown) of up to 3% of the amount of your secondary market transaction. On rare occasions, a markup/markdown may exceed 3% on a low principle amount. The markup or markdown may be discounted at the registered representative's discretion. The amount of the specific commission, markup or markdown will be disclosed on the trade confirmation.

Mutual Funds.

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. 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 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 0.25% 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 Professional, receive commissions from the insurance companies for the sale of annuities, as well as trail commissions, which are considered indirect compensation. The maximum upfront commission paid for new sales of annuities is typically 7%, but may vary depending on the time purchased, the insurance carrier, and type of annuity, such as fixed, fixed index, traditional and variable annuities. The ongoing payment depends upon the agreement between Essex and the Issuer. The maximum trail payment for annuities is generally 7%. 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.

ACCOUNT & 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. 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.

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 postage and handling fees on each transaction, account maintenance fees (including IRA fees) charged by RBC; markups and markdowns; redemption fees; fees associated with checks and wires; transfer fees; ACAT fees; IRA termination fees; duplicate document requests fees for safekeeping of physical securities; etc. 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).

RBC charges an annual account fee of $50 on all brokerage accounts except IRA accounts. The fee can be waived if your brokerage account is open for less than 12 months; you maintain a margin balance; you elect to receive paperless statements, confirmations, prospectuses and proxy voting; or you are part of a household with more than $150,000 in assets.

RBC also charges a $35 annual fee on all IRA accounts which can be waived if you are part of a household with more than $150,000 in assets.

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, contact your registered representative.

Account Minimums & 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 accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account will be closed. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account.

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

Cash Sweep Features

RBC accounts include a Cash Sweep Program feature. This program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically "swept" into a "Cash Sweep Vehicle," until such balances are otherwise required to satisfy obligations arising in your account. These Cash Sweep

Vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or such other sweep arrangements made available to you.

For additional information concerning the Cash Sweep Program, please refer to your account agreement(s). More information about the Cash Sweep Program can also be found in the Cash Sweep Program Disclosure Statement available on RBC's website. Please review that Disclosure Statement carefully.

Training and Education

We work closely with many product and service providers who provide training and education compensation to offset or reimburse us for costs incurred in conducting comprehensive training and educational meetings for our registered representatives. 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. Also, registered representatives may 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.

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) the firm would not receive any additional compensation in connection with the termination of its services. However, other fees may be charged by RBC or product sponsors. This includes an account transfer fee, IRA termination fee, Plan termination fee and early redemption fees, if applicable. In addition, there may be tax consequences if you liquidate your positions. If you have questions, contact your registered representative and tax advisor.

Brokerage – Excluded Advisory Assets

As described above, our brokerage services differ from our advisory services. However, in some instances we may allow an Essex 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.

Customer Referrals, Conflicts of Interest & Other Compensation

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, 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.

COMPENSATION WE RECEIVE FROM CLIENTS

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 registered representative 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 fixed income securities including municipal debt securities in a brokerage account, and in accordance with industry regulations, we typically 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.

Account maintenance and other administrative fees. For the services we provide or make available to you with respect to your brokerage account, we charge certain account maintenance and other administrative fees, including the Postage, Insurance and Handling fee on each transaction. The higher the fees we charge, the more we are compensated.

Error Correction. In the event a trade error takes place and is the cause of Essex or one of our Financial Professionals, we will cancel the trade and remove the resulting monetary loss to your account. If a trade correction is required as a result of a customer (e.g., if a customer does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), Essex will liquidate some or all security holdings and any resulting monetary loss will be borne by the customer. In the case of a trade that requires a correction and that resulted in a monetary gain to the customer, such gain may be removed from the account and may result in a financial benefit to Essex.

Limited Products. Essex and our Financial Professionals offer and recommend investment products only from investment sponsors with which we have entered into selling and distribution agreements with. Other firms may offer products and services not available through Essex, and/or they may offer the same or similar investment products and services at lower cost than Essex. In addition, Essex may only offer certain products in a brokerage account, even though there is a version of the product that may be offered at a lower cost through an advisory account, and vice versa.

COMPENSATION WE RECEIVE FROM THIRD PARTIES

Third-party payments we receive may be based on new sales of investment products, creating an incentive for us to recommend you rollover additional assets and to 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. We share in revenue with RBC, our Clearing Firm, and investment companies. This includes fees generated from the Automatic Investment Sweep (Bank Sweep), margin interest charged on debit balances on each transaction. 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 Financial Professionals 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, and annuity 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.

COMPENSATION RELATED TO OUR AFFILIATES

Essex Advisory is a registered investment adviser and is affiliated with Essex through common ownership and control. Individual registered representatives of Essex may also be registered with Essex Advisory as investment adviser representatives. These representatives may recommend advisory services for brokerage clients. Advisory and brokerage fees charged differ depending on the type of service, program or platform in which you participate. This variation in compensation can incentivize a Financial Professional to recommend services, programs or platforms that generate more compensation for Essex and the Financial Professional than others. For example, if you expect to trade securities frequently in your account, a brokerage account in which you pay a commission for each transaction may generate more compensation for your Financial Professional than an advisory account that generates compensation in the form of investment advisory fees.

Many Essex registered representatives are also separately licensed as insurance agents. Variable annuities are offered through Essex; other insurance products are offered through various insurance companies. In their capacities as independent insurance agents, representatives receive commission and other fees, which is separate and distinct from the registered representative's compensation related to brokerage services.

These arrangements pose a conflict of interest for those individuals to the extent they have a financial incentive to recommend such insurance products or advisory services. Advisory fees and insurance commissions charged may be higher or lower than those obtainable from other firms for similar products and services.

RBC charges Essex for certain fees which are not directly passed on to the client. This includes fees for cancelling and rebooking trades, clearance and execution fees. This may create incentive to markup charges to customer to cover fees charged to or receive rebates, incentives, loans or fee sharing from the Clearing Firm.

COMPENSATION RECEIVED BY FINANCIAL PROFESSIONALS

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 ongoing residual or trail payments. Thus, registered representatives are incentivized to recommend products that have higher fees as well as those with ongoing payments.

Certain products, such as variable annuity and variable life insurance products provide a financial incentive to the registered representative to offer a contract that includes optional benefit features. Optional benefits also entail additional fees charged to you in addition to the base fee associated with the contract. This presents a conflict of interest in that registered representatives they may encourage you to select investment options with relatively higher fees, or to replace an existing contract. Essex has procedures in place to review new variable sales and replacements to ensure that such products recommended are suitable.

Typically, a registered representative's payout schedule (periodically adjusted by us at our discretion) is based on a percentage of commissions and other fees charged to you. The payments can include a bonus that is based on the amount of assets serviced or revenue generated by the Financial Professional. The same payout schedule is reduced when registered representatives discount certain client fees and commissions. Registered representatives 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. In addition, your registered representative has an incentive to reduce the amount of time spent personally managing client's accounts; reduce the number of potential investments to evaluate; and/or provide better service/pricing (commissions) to different clients. We have procedures in place to supervise the recommendations our registered representatives provide to mitigate these conflicts of 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. Financial Professionals are eligible to receive other benefits based on the revenue he/she generates from sales of products and services. These benefits present a conflict of interest because the Financial Professional has an incentive to remain a registered representative of Essex in order to maintain these benefits. These benefits include eligibility for practice management support and enhanced service support levels that confer a variety of benefits, conferences (e.g., for education, networking, training, and personal and professional development), and other non-cash compensation. 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. Financial Professionals also receive promotional items, meals, entertainment, and other noncash compensation from product providers.

Such benefits also include equity awards from Essex, free or reduced-cost marketing materials, reimbursement or credits of fees that Financial Professionals pay to Essex for items such as administrative services or technology, and payments that can be in the form of repayable or forgivable loans (e.g., for retention purposes or to assist a Financial Professional grow his/her securities practice). If Essex makes a loan to a new or existing Financial Professional, there is also a conflict of interest because Essex's interest in collecting on the loan affects its ability to objectively supervise the Financial Professional.

Fees Charged to Financial Professionals. Essex's Financial Professionals are primarily independent contractors though there are some who are employees. Essex charges Financial Professionals various fees under its independent contractor agreement for, among other things, trade execution, administrative services, insurance, certain outside business activity related supervision, technology and licensing. Depending on the situation, these fees make it more or less profitable for the Financial Professional to offer and recommend certain services or products over others. In certain cases, these fees are reduced based on the Financial Professional's overall business production or the amount of assets serviced by the Financial Professional, which gives the Financial Professional an incentive to recommend that you invest more in your account or engage in more frequent transactions. Transaction fees charged to your Financial Professional can also vary depending on the specific security that the Financial Professional recommends.

Recruitment Compensation and Operational Assistance. If a Financial Professional recently became associated with Essex after working with another financial services firm, it is possible he/she received recruitment compensation from us in connection with the transition. In many cases, this transition assistance includes payments from Essex that are commonly intended to assist a Financial Professional with costs associated with the transition; however, Essex does not verify that any payments made are actually used for transition costs. These payments can be in the form of repayable or forgivable loans, and are subject to favorable interest rate terms, as compared to other lenders. In the case of forgivable loans, the loans are generally subject to repayment if the Financial Professional leaves Essex before a certain period of time or other conditions are not met.

The amount of recruitment compensation is often significant in relation to the overall revenue earned or compensation received by the Financial Professional at his or her prior firm. Such payments are generally based on the size of the Financial Professional's business established at his/her prior firm. The receipt of this compensation creates a conflict of interest in that the Financial Professional has a financial incentive to recommend that a customer open and maintain an account with Essex for brokerage services and/or Essex Advisory for advisory services, and to recommend switching investment products or services where a customer's current investment options are not available through Essex, in order to receive the this type of benefit or payment.

Registered representatives who are transitioning through a succession plan may be incentivized to make brokerage recommendations designed to increase the value of their book of business through asset accumulation or brokerage trades that are not in your best interest. Registered representatives who receive clients from a retiring registered representative are incentivized to meet growth goals and may make recommendations not in your best interest.

LIMITATIONS ASSOCIATED WITH CERTAIN FINANCIAL PROFESSIONALS

The scope of products and services offered by certain Financial Professionals may be more limited than what is available through other Financial Professionals. A Financial Professional's ability to offer individual products and services depends on his/her licensing, training or branch office policy restrictions. For example, a Financial Professional maintaining a Series 6, Series 63 and Life Insurance Agent license is limited to providing investment company securities, such as mutual funds and UITs and variable annuity contracts. A Financial Professional maintaining a Series 7, Series 63 and Life Insurance Agent license is able to provide solutions including all securities available for sale by a Series 6 representative as well as individual stocks, bonds, and alternative investments, among others. As another example, a Financial Professional may only be licensed to provide brokerage services, and not advisory services, or vice versa. You should also review the licenses held by your Financial Professional by visiting the FINRA BrokerCheck system at http://brokercheck.finra.org. A Representative with any specific limitations will provide a Supplemental Brochure.

Financial Professional's Outside Business Activities. Financial Professionals are permitted to engage in certain pre-approved business activities other than the provision of brokerage and advisory services through Essex, and in certain cases, a Financial Professional receives more compensation, benefits and non-cash compensation through the outside business than they receive from Essex. Some Financial Professionals are accountants, real estate agents, insurance agents, tax preparers, or lawyers, and some Financial Professionals refer customers to other service providers and receive referral fees. Additional information about your Financial Professionals outside business activities is available on FINRA's website at http://brokercheck.finra.org.

Personal Trading Conflicts. 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 our registered representatives will not interfere with (i) making decisions in the best interests of our customers; or implementing such decisions while, at the same time, allowing registered representatives 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. We have procedures to monitor the personal trading activities and securities holdings of each of the Firm's 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.

Other Disclosures Resources:

Additional information can be found in your Customer Agreement and other disclosures that we or RBC provides to you. If you have any questions, you can call your registered representative at (201) 777-7121 to request up-to-date information. Additional information can be found below.

Title	Web address
Form CRS	https://www.essexsecurities.com/reg-bi-and-crs-disclosures
Business Continuity Planning and other Legal Disclosures	https://www.essexsecurities.com/disclosures
Margin Disclosure	https://www.rbcwealthmanagement.com/_assets/documents/legal/margin-disclosure-statement.pdf
Cash Sweep Program	https://www.rbcwealthmanagement.com/_assets/documents/legal/wm-cash-sweep-overview.pdf