INTRODUCTION

At Frost, our relationship begins by getting to know you and your financial goals. One part of helping you meet those goals includes providing you with information that helps you understand both the scope and terms of your relationship with Frost Brokerage Services (FBS), as well as any conflicts of interest that we may face in connection with recommendations we make to you. This disclosure document contains important information for you and references additional documents that provide more information on our services, costs, fees and conflicts of interest.

RISKS TO INVESTING

You should understand that investment and insurance products:

- **Are NOT FDIC insured**
- **Are NOT obligations or deposits of Frost Bank**
- **Are NOT guaranteed by Frost**
- **Involve investment risk, including the possible loss of principal amount invested**

UNDERSTANDING YOUR BROKERAGE RELATIONSHIP – ACCOUNT TYPES

While Frost is a broker-dealer, the individuals associated with Frost who will have direct dealings with you (the advisors) generally also are associated with our affiliated registered investment adviser (Frost Investment Services, LLC). As a result, you may be asked to choose whether you want a brokerage account with Frost, an advisory account with our affiliated investment adviser, or accounts with both entities.

Among Frost brokerage accounts, there are several different types of accounts that may be available to you. You should understand the material differences between brokerage and investment advisory accounts and between the various brokerage accounts.

Additional information about the differences between advisory and brokerage accounts and the services provided by Frost Brokerage Services and our affiliated investment adviser can be found in our Customer Relationship Summary. That document can be found online at:
https://www.frostbank.com/dam/Docs/AgreementsAndDisclosures/Personal/Brokerage/FrostInvesmentServicesCustomerRelationshipSummary.pdf.

More information about the specific services and cost associated with advisory accounts provided by our affiliated investment adviser can be found within the ***Form ADV Part 2A (Brochure)*** of Frost Investment Services, LLC, which is available online at: **https://adviserinfo.sec.gov/firm/summary/286129.**

Additional documents used by Frost to disclose the scope of services provided and the associated costs and fees include the following:

- ***Brokerage Account Commissions and Fees:*** **https://www.frostbank.com/dam/Docs/PersonalPDFs/BrokerageAccountCommissionsAndFees.pdf.**

In addition, in some cases involving recommendations relating to specific account types, investments or services, Frost may supplement these disclosures by reference to prospectuses or other documents that provide specific disclosures relevant to those account types, investments or services. Furthermore, costs (e.g., commissions, sales loads and markups/markdowns) of individual securities transactions will also be disclosed in trade confirmations that will be provided to the customer in connection with each customer trade.

If you need a physical copy of any of the documents referenced herein, please make a request by contacting us at the following address or telephone number:

Frost Brokerage Services, Inc.
PO BOX 2538
San Antonio, TX 78299
(800) 292-1292

REGULATORY STANDARDS

When we make a recommendation to a retail customer, we must act in the customer's best interest. This means that we are not allowed to put our interest ahead of yours.

You should review this document carefully, retain it with your records, and refer to it when we provide you with a recommendation of any securities transaction or investment strategy involving securities (including a recommendation of account type) as a broker-dealer. If you appoint someone as your agent, legal representative or designate a trusted contact person, please be sure that he or she has a copy of this document as well. This document, along with other disclosures we provide to you from time to time, is intended to satisfy FBS' disclosure obligations under the SEC's Regulation Best Interest Rule when we provide you with securities recommendations and recommendations of investment strategies involving securities and account types.

BROKERAGE ACCOUNT COMPARED TO INVESTMENT ADVISORY ACCOUNT

A Frost brokerage account allows you to buy, sell or hold securities. If you have a Frost brokerage account, you may make your own decision whether to buy or sell a security, or Frost can recommend investments for you, though even in such case you will make the ultimate decision regarding the purchase or sale of investments. If you open a Frost brokerage account, Frost can also assist you with developing an investment strategy consistent with your investment goals. As a brokerage customer, you will pay a transaction fee every time you buy or sell a security. Although Frost does not require a minimum dollar amount to establish a brokerage account, brokerage customers who do not meet the account minimum requirements described in the ***Brokerage Account Commissions and Fees*** schedule (see link below), will be charged an annual custody fee. In addition, Frost charges IRA accounts an annual fee. For more information regarding transaction and other fees, see generally the ***Brokerage Account Commissions and Fees*** schedule available at:
https://www.frostbank.com/dam/Docs/PersonalPDFs/BrokerageAccountCommissionsAndFees.pdf.

Opening an account with our affiliated investment adviser requires a minimum initial investment of $50,000. An advisory account will be managed by a dedicated advisor (called a wealth advisor) who will work with you to develop an investment strategy that is consistent with your assets, goals and investment profile. In managing your account, your wealth advisor will act on a **discretionary basis.** At least annually, your wealth advisor will review your account to ensure that your portfolio remains aligned with your goals and profile. As a customer of our affiliated investment adviser, you will be charged a fee based on the value of the cash and investments in your advisory account.

While Frost retail customers have access to a wide range of securities, excluding IPOs, Frost Brokerage advisors may only make recommendations to you from a limited pool of securities that have been approved by Frost for such purpose. This pool includes a selection of mutual funds, exchange-traded funds (ETFs), listed equities, fixed-income securities (US Treasuries, agency securities, municipal and corporate bonds) and variable annuities. As a customer of Frost Brokerage, you can select on your own, without the recommendation from one of our advisors, a much broader range of securities. If you would like more information on investments options that you may choose on your own, please inquire with your advisor.

The same general pool of securities, including mutual funds, ETFs, equities and fixed-income investments, which are approved for brokerage account recommendations are also approved for use within the portfolio models in advisory accounts.

TYPES OF BROKERAGE ACCOUNTS OFFERED BY FROST

Frost offers a standard brokerage account as well as several specialized accounts. The standard account consists of a cash and/or a margin account. In a cash account, all securities purchased must be paid for in full and short sales are not allowed. In contrast, a margin account allows customers to engage in short sales and to also purchase securities using, in part, funds borrowed from Frost's clearing broker. These borrowings would be secured by the assets in the account but would also be a direct obligation of the customer. This means that the customer would be personally obligated to repay amounts borrowed even if that amount exceeded the value of the assets in the customer's account. Customers may have both margin and cash accounts and either type of account.

Frost also offers several specialized accounts consisting of educational accounts, which include 529 College Savings Plans and individual retirement accounts, including Roth IRA or SEP IRA accounts. Our advisors may recommend that you rollover your workplace retirement plan to an IRA account. Additional information regarding conflicts associated with rolling over your workplace retirement plan to an IRA account can be found within the Conflicts of Interest section of this document.

Frost also offers Premier Access accounts. For an additional fee, Premier Access accounts offer additional services including (i) check writing; (ii) a Visa debit card; and (iii) a 1 percent cash back rewards program linked to the Visa debit card. Non-Premier Access accounts offer the same level of brokerage account services.

BROKER-DEALER AND ADVISOR CAPACITY

In the event Frost, or any Frost advisor, makes a recommendation to you regarding the opening of a Frost brokerage account or the purchase, sale or holding of any security through such an account, Frost will be acting in a broker-dealer capacity and the Frost advisor will be acting as an associated person of Frost with respect to such recommendation. Similarly, any recommendation regarding the opening of an advisory account with Frost's affiliated adviser, or otherwise related to activity in an advisory account, will be made in an advisory capacity. If you have both a brokerage account with Frost and an advisory account with our affiliated adviser, if we make a recommendation to you, we will expressly tell you which account we are discussing.

RECOMMENDATIONS – GENERAL BASIS AND RISK

In our brokerage capacity, we have an obligation to treat you fairly. In this capacity, if we recommend that you open a brokerage account or make a recommendation regarding buying, selling, holding or exchanging a security, we must first determine that the recommendation is in your best interest based upon information you provide to us. This determination will be made by us based upon your investment profile, which includes, but is not limited to your:

- **Age**
- **Other investments**
- **Financial situation and needs**
- **Tax status**
- **Investment objectives**
- **Investment experience**
- **Investment time horizon**
- **Liquidity needs**
- **Risk tolerance**

Recommendations may be offered upon request, and when we have an opportunity or idea that we want to bring to your attention.

While we will take reasonable care in developing and making recommendations to you, securities involve risk and you may lose money. There is no guarantee that you will meet your investment goals, or that our recommended investment strategy will perform as anticipated. Please consult any available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you, or help you find them.

ACCOUNT MONITORING

Frost does not monitor investments for retail customers except in the case of individual customers who specifically arrange for Frost to provide such service. Accordingly, unless you have specifically arranged for such service, it is your responsibility to monitor your account on an ongoing basis and to keep us informed of any changes that could affect your investment profile.

This means that you need to review your trade confirmations and account statements for inaccuracies, material changes in your portfolio and changes in your investment objectives or expectations and promptly notify us of any concerns or questions that you have by contacting your advisor or calling (800) 292-1292. We, and your advisor, are not paid to monitor your brokerage accounts or for making regular or ongoing recommendations to you.

Except in limited circumstances, and pursuant to a separate written agreement with you, we do not make decisions about what securities to buy or sell for you in your brokerage accounts. We will only implement investment transactions when you direct us to do so. You make the ultimate decision about your brokerage account investments, including timing. We have no obligation to update statements made, or information provided, with respect to a previous recommendation. Nor are we responsible for your decision to modify, decline or delay the implementation of our recommendation.

[FBS] does not provide legal or tax advice, so you should also consider engaging the services of a professional estate planner, lawyer and tax advisor, as needed.

CUSTOMER PRIVACY

At account opening, you were provided with a copy of the Frost Brokerage Services Privacy Statement. You can also access the Privacy Statement by visiting the link:
https://www.frostbank.com/agreements-disclosures/consumer-privacy-statement.html.

BUSINESS CONTINUITY

At account opening, you were provided with a copy of the Frost Brokerage Services Business Continuity Planning Notice. You can also access the Notice by visiting the link:
https://www.frostbank.com/dam/Docs/AgreementsAndDisclosures/Personal/Brokerage/BrokerageServicesBusinessContinuityPlanning.pdf.

The Privacy Statement and Business Continuity Planning Notice can also be obtained by contacting us.

FEES AND COSTS – HOW ARE WE PAID FOR BROKERAGE SERVICES?

Transaction Costs

Frost receives a commission, or a commission equivalent, each time you buy or sell a stock, bond, mutual fund, ETF or CD, or purchase an annuity. As discussed further below in the Conflicts of Interest section of this document, this fee structure creates an incentive to encourage you to trade.

The amount of commission you pay in a brokerage account depends on the investment product purchased and the total dollar amount of the transaction. For more information regarding transaction and other fees, see generally the ***Brokerage Account Commissions and Fees*** schedule available at:
https://www.frostbank.com/dam/Docs/PersonalPDFs/BrokerageAccountCommissionsAndFees.pdf.

Mutual funds and variable annuities differ in their sales charge and commission structures. Please refer to the associated prospectus for any applicable mutual funds or variable annuities for their specific sales charge schedules. All commissions, sales charges and markups/markdowns will be disclosed on your trade confirmations.

Insurance companies that issue variable annuities and investment companies that offer mutual funds also pay Frost an ongoing distribution and/or service fee (12b-1 fees) or trail commissions.

Expenses

Certain products sold by Frost, such as mutual funds, ETFs, 529 plans and annuities incur charges that are used to pay underlying expenses incurred in connection with the management and operation of the investment vehicle. While Frost does not receive any direct or indirect benefit from these charges, they do act to reduce the return on the relevant investment. These expenses charges are in addition to any direct fees and commissions you pay when you buy or sell these securities.

- **ETFs –** underlying expense ratios vary by product from 0 to 1 percent, but generally average around 0.5 percent for products on our approved list.

- **Mutual Funds –** underlying expense ratios vary by product from 0.5 to 1.6 percent, but generally average around 1 percent for mutual fund investments.

- **Variable Annuities –** for mutual funds held in variable annuity sub-accounts, the underlying expense ratios vary by product. Please refer to the mutual fund prospectus specific to the sub account of your variable annuity for additional fee information.

Other Fees and Expenses – Frost charges its customers miscellaneous fees for a variety of matters. These matters include account transfers, wire transfers, stop payment requests, trade extensions, account research and handling and processing of certificates. For the full list of such matters and the fees charged therefore, please see the Brokerage Account Commissions and Fee schedule available at:
https://www.frostbank.com/dam/Docs/PersonalPDFs/BrokerageAccountCommissionsAndFees.pdf.

CONFLICTS OF INTEREST

Frost faces a number of conflicts in providing recommendations to you. Some of these conflicts, such as the payment of commission and commission equivalents in connection with securities purchases and sales, are inherent within the brokerage industry. Others are not though they may still be widespread within the industry. Information regarding the conflicts of interest that a retail investor may face at Frost Brokerage Services, Inc. are provided below. Frost has a variety of procedures and policies in effect that are designed to mitigate, but will not eliminate, these conflicts.

Commissions, Fees and Other Sales Compensation

- **Commissions and Sales Charges –** the firm receives commissions, or commission equivalents, such as markups and markdowns, at the time of the trade for the purchase and sale of securities. This creates an incentive to effect more transactions in your account. Some products pay a higher commission than others. This creates an incentive to sell products to you that pay higher commissions.
    - Stocks and ETFs – Flat fee plus a percentage of the dollar amount of the transaction.
    - Mutual Funds and 529 Plans – Loads/sales charges as described in the applicable prospectus. These can range in amount, but usually do not exceed 6 percent.
    - Unit Investment Trusts – Creation and Development Fee (C&D fee) and deferred sales charges as described in the applicable prospectus. The C&D fee is 0.5 percent per $10.00 unit and the deferred sales charges range depending on the length of the trust, but do not exceed 2.25 percent per $10.00 unit.
    - Annuities – This depends on the annuity product, but commissions usually do not exceed 8 percent. Most variable annuity products charge commissions in the range of 3 to 5 percent of the premium invested.
    - Fixed Income Securities on Agency Basis – Transactions involving Treasury bills and Agency bonds are charged a flat fee per transaction.

- **Markups and Markdowns**
    - Fixed Income Securities – Frost does not hold an inventory of fixed income securities and acts in a riskless principal capacity for the majority of its fixed income transactions. A riskless principal transaction is when we buy/sell from the market, and then sell/buy the bond to/from you.

When you buy a fixed income security from Frost, other than Treasury bills and Agency bonds, you are charged a markup if you purchase the bond and a markdown when you sell the bond. The markup on a bond purchase will increase the cost of your investment, and therefore reduce your return, and a markdown will decrease the amount of proceeds you receive from selling the bond. The maximum markup or markdown charged to you is $20 per $1,000 bond.

INFORMATION ABOUT SECURITIES AVAILABLE ON OUR PLATFORM

Open-End Mutual Funds

A mutual fund is a pooled investment fund that is professionally managed and invests in a bundle of securities pursuant to a specified investment strategy. We generally recommend investments in mutual funds when a customer's investment profile indicates that a long-term investment in a fund with diversified exposure to a particular asset class or strategy would be appropriate to meeting the customer's investment objectives. The risks associated with mutual fund investments depend on the fund's investment strategy and are disclosed in the prospectus. Mutual fund shares are purchased and sold at the end of each trading day based on the net asset value of the fund. When you invest in a mutual fund, you purchase a share that represents your interest in the fund. Our product committee periodically reviews the mutual funds available on our brokerage platform and approves those that your advisor is permitted to recommend to you. The share classes available on our platform for advisors to recommend are described in the next section. Depending on your eligibility, you may be able to invest in the funds on our platform at a different financial institution using different share classes than those we make available and recommend. As such, you may be able to obtain the same investment products from other financial institutions at lower cost.

Share Classes and Our Compensation. Mutual fund shares come in different classes, each with different fees and fee structures. We generally offer and recommend A and C share classes. Specific fees and fee structures of each share class, including the amount charged and when it is collected, vary depending on the particular mutual fund and are described in the mutual fund's prospectus, but here is a general discussion of the share class fee structures for mutual funds on our brokerage platform:

Class A – Class A shares charge an upfront sales fee, or front-end load, that is deducted from your initial investment and paid to us as a commission for selling the shares to you. Front-end loads vary, sometimes they are 0 percent, but can range up to 5.75 percent, which we share with your advisor. Class A shares also pay us trails in the form of Rule 12b-1 fees for distribution. Rule 12b-1 fees vary and range from 0.15 percent to 0.30 percent, which we share with your advisor.

A Note about Breakpoints – Certain mutual funds offer discounts or reduced sales charges on Class A shares based on the total amount you invest with the mutual fund company. The investment amount needed to receive a discount is known as a breakpoint. Mutual fund companies may allow you to combine your holdings with those of certain family members to reach a breakpoint.

Rights of accumulation allow you to combine your mutual fund purchase with your existing investment in the mutual fund company to reach a breakpoint. Many mutual funds allow customers to count the value of previous purchases of the same fund, or another fund within the same fund family, with the value of the current purchase to qualify for breakpoint discounts. Moreover, mutual funds allow customers to count existing holdings in multiple accounts, such as IRAs or accounts at other broker-dealers, to qualify for breakpoint discounts. Therefore, if you have accounts at other broker-dealers and wish to take advantage of the balances in these accounts to qualify for a breakpoint discount, you must advise your advisor about those balances. You may need to provide documentation establishing the holdings in those other accounts to your advisor if you wish to rely upon balances in accounts at another firm.

In addition, many mutual funds allows customers to count the value of holdings in accounts of certain related parties, such as spouses or children, to qualify for breakpoint discounts. Each mutual fund has different rules that govern when relatives may rely upon each other's holdings to qualify for breakpoint discounts. You should consult with your advisor or review the mutual fund's prospectus or statement of additional information to determine what these rules are for the fund family in which you are investing. If you wish to rely upon the holdings of related parties to qualify for a breakpoint discount, you should advise your advisor about these accounts. You may need to provide documentation to your advisor if you wish to rely upon balances in accounts at another firm.

Mutual funds also follow different rules to determine the value of existing holdings. Some funds use the current net asset value (NAV) of existing investments in determining whether a customer qualifies for a breakpoint discount. However, a small number of funds use the historical cost, which is the cost of the initial purchase, to determine eligibility for breakpoint discounts. If the mutual fund uses historical costs, you may need to provide account records, such as confirmation statements or monthly statements, to qualify for a breakpoint discount based upon previous purchases. You should consult with your advisor and review the mutual fund's prospectus to determine whether the mutual fund uses either NAV or historical costs to determine breakpoint eligibility.

You may also be able to benefit from a breakpoint by agreeing to invest a specified dollar amount in a mutual fund over a specified period of time in a letter of intent. Most mutual funds allow customers to qualify for breakpoint discounts by signing a letter of intent, which commits the customer to purchasing a specified amount of Class A shares within a defined period of time, usually 13 months. For example, if a customer plans to purchase $50,000 worth of Class A shares over a period of 13 months, but each individual purchase would not qualify for a breakpoint discount, the customer could sign a letter of intent at the time of the first purchase and receive the breakpoint discount associated with $50,000 investments on the first and all subsequent purchases. Additionally, some funds offer retroactive letters of intent that allow customers to rely upon purchases in the recent past to qualify for a breakpoint discount. However, if a customer fails to invest the amount required by the letter of intent, the fund is entitled to retroactively deduct the correct sales charges based upon the amount that the customer actually invested. If you intend to make several purchases within a 13 month period, you should consult your advisor and the mutual fund prospectus to determine if it would be beneficial for you to sign a letter of intent.

As you can see, understanding the availability of breakpoint discounts is important because it may allow you to purchase Class A shares at a lower price. The availability of breakpoint discounts may save you money and may also affect your decision regarding the appropriate share class in which to invest. Therefore, you should discuss the availability of breakpoint discounts with your advisor and carefully review the mutual fund prospectus and its statement of additional information, which you can get from your advisor, when choosing among the share classes offered by a mutual fund. Because we receive a lower front-end load when you reach a mutual fund breakpoint, we have an incentive to recommend that you invest in mutual funds that do not have breakpoints, or to invest in a number of different mutual fund families so that you do not reach a breakpoint with respect to a particular mutual fund family.

Class C – Class C shares charge a contingent deferred sales charge (CDSC), typically 1 percent, if you sell your shares before a certain time period, typically within one year. The CDSC is paid to the mutual fund company and is not shared with us or your advisor. Generally speaking, Class C shares convert to Class A shares after a certain time period, typically 10 years. Please refer to your mutual fund's prospectus regarding when your Class C shares would convert to Class A shares, if they are convertible. Class C shares pay us trails in the form of Rule 12b-1 fees for distribution. Rule 12b-1 fees vary and range up to 1.0 percent, all of which is paid to us and shared with your advisor.

Share Class Conflicts. Because Class A shares pay us a front-end load when you buy a share and ongoing 12b-1 fees that are lower than those we receive for Class C shares, we, and your advisor, have an incentive to recommend that you trade in and out of Class A shares more frequently and to buy Class A shares and other investments that pay us additional and higher front-end loads and other compensation. Because Class C shares pay us higher 12b-1 fees for so long as you hold the shares, we, and your advisor, have an incentive to recommend that you purchase and hold Class C shares for longer periods and to buy Class C shares that pay us higher 12b-1 fees. We mitigate these conflicts by disclosing them to you, and by establishing policies, procedures and risk-based supervision to review product recommendations.

Other Fees and Expenses. Mutual fund shares incur a number of other fees and expenses that are discussed in detail in mutual fund prospectuses. A general discussion follows below:

- **Ongoing Fees and Expenses –** Mutual funds deduct ongoing fees and expenses to cover the mutual fund's annual operating expenses and distribution activities, including investment management fees that are paid to the fund's manager. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis. These fees can vary significantly, are included in the fund's expense ratio and are disclosed in the mutual fund's prospectus.

- **Redemption Fees –** Some mutual funds charge a fee when you redeem fund shares (a redemption fee). A redemption fee is a one-time fixed fee that ranges from 0 to 2 percent of the redemption proceeds. Redemption fees are paid to the fund company to compensate it for expenses associated with the repurchase.

Additional Information. For more information about investing in mutual funds, please see the SEC's Mutual Funds, available at **https://www.investor.gov/introduction-investing/investing-basics/investment-products/mutual-funds-and-exchange-traded-1.** If you are interested in investing in a particular mutual fund, please review the mutual fund's prospectus, which you can request from your advisor, or by calling us at (800) 292-1292.

Unit Investment Trusts (UITs)

UITs are investment companies like mutual funds and closed-end funds. The biggest difference between UITs and mutual funds is when a UIT sets its portfolio, the portfolio remains the same for the life of the fund, and the term of the fund is fixed. These fixed terms can vary widely and range from 1 to more than 50 years from the creation date, for certain UITs. The UITs that we currently offer generally do not exceed two years in length.

UITs invest in a wide variety of securities, but mainly hold stocks and bonds, and the investment strategies of UITs will vary. It is important that you fully understand the trust's specific goal or investment strategy before investing to ensure that the fund's strategy is aligned with your personal investment strategy. UITs are created to be held by the investor for the life of the fund. However, publicly traded UITs may provide opportunities for investors to liquidate their shares before the fund's termination date.

The return of any investment in a UIT will depend on the performance of the fund's underlying investments, minus any fees.

Our Compensation. When you purchase a UIT, you will pay a Creation and Development fee (C&D fee) at the conclusion of the initial offering period. The C&D fee is 0.50 percent, which amounts to $.05 per unit at $10.00 per unit, and the end of the initial offering period is usually 3 months after creation. Additionally, you will pay a series of deferred sales charges. Your account will be charged at the end of months 4, 5 and 6 after creation date. The total sales charges will vary depending on the length of the trust (the longer the term the higher sales charges), but do not currently exceed a total of 2.25 percent, which amounts to $0.225 per $10.00 unit. Your actual C&D fee and sales charge percentage will depend on the price paid per unit, which can be higher or lower than $10.00.

Frost Brokerage Services will receive a portion of the total fees you will pay. We and your advisor, have an incentive to trade UITs more frequently and in larger amounts to generate greater fees. For more information about how UITs relate to mutual funds, ETFs and other investment products we sell, please ask your advisor.

The minimum investment for taxable accounts is $1000 and $500 for tax-deferred accounts.

Additional Information. For more information about investing in UITs, please see the FINRA's Pooled Money: Understanding Unit Investment Trusts, available at:
https://www.finra.org/investors/insights/pooled-money-understanding-unit-investment-trusts, and the U.S Securities and Exchange Commission's (SEC) Unit Investment Trusts (UITs), available at:
https://www.investor.gov/introduction-investing/investing-basics/glossary/unit-investment-trusts-uits.

If you are interested in investing in a particular UIT, please review the UIT's prospectus, which you can request from your advisor, or by calling us at (800) 292-1292. Prospectuses are also available through the SEC's EDGAR Database, which can be accessed by clicking the following link: **https://www.sec.gov/edgar.shtml.**

Exchange-Traded Funds (ETFs)
Like a mutual fund, an ETF is a pooled investment fund that is professionally managed and invests pursuant to a specified investment strategy. ETFs can hold securities, as well as commodities and currencies. We generally recommend ETFs upon a customer's request from a preapproved list. The ETFs available on our platform are passively managed and have different strategies and risk profiles from the mutual funds available on our platform. The risks associated with ETF investments depend on the fund's investment strategy and are disclosed in the prospectus. When you invest in an ETF, you purchase a share that represents your interest in the fund. Unlike mutual fund shares, ETF shares can be purchased and sold throughout the trading day.

Our Compensation. Unlike mutual funds, ETFs do not have share classes. Instead, when you buy or sell an ETF, you will pay us a commission, a portion of which will be shared with your advisor. The commission is based on your investment amount and is described on our Brokerage Account Commissions and Fee schedule available at:
https://www.frostbank.com/dam/Docs/PersonalPDFs/BrokerageAccountCommissionsAndFees.pdf.

The commissions charged to ETF transactions follow the same as Stocks on the schedule. We, and your advisor, have an incentive to trade ETFs more frequently and in larger amounts to generate greater commissions. We, and our advisors, generally earn more compensation for transactions in mutual funds and variable annuities (which have certain similarities to ETFs) than transactions in ETFs. For more information about how ETFs relate to these and other investment products we sell, please ask your advisor.

Other Fees and Expenses. ETFs deduct ongoing fees and expenses to cover the ETF's annual operating expenses and distribution activities, including investment management fees that are paid to the fund's manager. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis. These fees can vary significantly and are included in the ETF's expense ratio.

Our clearing firm, National Financial Services, LLC, collects from you an Activity Assessment Fee for the sale of most stocks, ETFs and options. This fee is required by the SEC. The fee is automatically deducted from the proceeds of your sale.

More information about ETFs, including their ongoing fees and expenses and overall expense ratio, is available in the ETF's prospectus.

Additional Information. For more information about investing in ETFs, please see the SEC's Exchange-Traded Funds, available at:
https://www.investor.gov/introduction-investing/investing-basics/investment-products/mutual-funds-and-exchange-traded-2.

If you are interested in investing in a particular ETF, please review the ETF's prospectus, which you can request from your advisor, or by calling us at (800) 292-1292.

Annuities
When you buy an annuity, you enter into a contract with an insurance company and the insurance company agrees to make periodic payments to you, or your beneficiary, based on the amount you invest. These payments can start immediately (an immediate annuity) or at some future time (a deferred annuity). As a broker-dealer, we offer variable and index-linked variable annuities. As an insurance agent, we offer additional types of annuities, including fixed, fixed indexed and linked benefit annuities. We generally recommend investments in annuities when a customer's investment profile indicates that a long-term, tax-deferred investment with some down-side protection would be appropriate to meet the customer's investment objectives. The risks associated with annuities investments depend on the type and structure of the annuity and are disclosed in the annuity's prospectus or contract.

Risks and Features. Deferred variable annuities have certain risks and features that are unique when compared to other securities available on our platform.

> **Surrender Charges.** Deferred variable annuities usually impose a surrender period where you may be subject to charges if you withdraw funds during that defined time period. The surrender periods for variable annuities generally extend up to eight years from the date of initial execution. The surrender charges assessed during the surrender period are a percentage of the amount withdrawn. The amount assessed usually declines each year with the first year being the highest. If you are exchanging from an annuity product that is out of its surrender period and into a new annuity, the annuity is most likely subject to a new surrender period, which creates a liquidity risk.
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> **Tax Liability.** If you withdraw money from an annuity before reaching certain ages, you may be subject to an early withdrawal penalty. Please consult your tax advisor for more information about the tax implications of investments in annuities.
>
> **Mortality and Expense Fees and Charges.** These fees and charges are imposed on you to compensate the insurance company for the insurance risks it assumes under the contract. These charges vary by contract, but generally average around 1.25 percent of the value of your account.
>
> **Administrative Fees.** The insurance company may deduct charges to cover record-keeping and administrative fees. These charges can be flat fees or a percentage of your account value. Each insurance company varies in the amount and way they assess these fees.
>
> **Investment Advisory Fees.** In a variable annuity, mutual fund investments in sub account investments have investment advisory fees that are indirect charges you pay when invested in these options. Advisory fees vary by investment company.
>
> **Other Features and Riders.** Additional riders, such as a stepped up death benefit, a long-term care benefit or a guaranteed minimum income benefit will assess additional fees and charges. These charges and fees vary by feature and insurance company.
>
> **Market Risk.** The value of your investments in a sub-account are subject to market risk and can lose value.

It is important that your advisor thoroughly explain the features, risks, costs and fees associated with a variable annuity so there is no misunderstanding the rationale for the recommendation for your investment. The fees and charges assessed to your account, which are disclosed in the annuity's contract or prospectus, will affect your account value and reduce the potential return of the investment, and can vary significantly.

Our Compensation. Our compensation varies depending on a number of factors, including your age, the type of annuity you purchase, the contract surrender period, and the insurance company from which you purchase the annuity. Please ask your advisor for information about the compensation we receive when you purchase a particular annuity.

- **Upfront Compensation:** Unlike mutual funds, an upfront sales charge is not deducted from your investment in an annuity. Instead, we receive a commission from the insurance company that issued your annuity when you invest and share a portion of this commission with your advisor. The amount of the commission depends upon the particular product you purchase, your age at the time of investment, and the length of the contract surrender period. Because the upfront commission varies, we, and your advisor, have an incentive to recommend that you invest in annuities that pay us higher compensation over those that pay us less. Where applicable, our upfront commission is generally higher for products with longer withdrawal charge periods, creating an incentive for us and your advisor to recommend those products over products with shorter withdrawal charge periods. We, and our advisors, also have an incentive to recommend you switch from an annuity you own, after the withdrawal charge period expires, to another annuity or investment product we sell in order to earn additional and higher compensation. We mitigate these conflicts by disclosing them to you, and by establishing policies and procedures and risk-based supervision to review these types of transactions.

  No Breakpoints. Unlike our Class A mutual fund shares, annuities do not offer breakpoints in commission rates based on the amount invested. Therefore, a larger investment that is eligible for a discounted sales charge when invested in Class A mutual fund share shares will generally generate a higher commission for us when invested in an annuity. This creates an incentive for us and your advisor to recommend that you invest in an annuity instead of Class A mutual fund shares when you are making investments that would qualify for breakpoint discounts.

  - **Variable Annuity Commissions –** The upfront commissions we receive for selling you a variable annuity generally range from 3 to 5 percent when you are up to 75 years old. If you are 76 years old or older, the upfront commissions range from 2 to 3 percent.

  - **Index-Linked Variable Annuity Commissions –** The upfront commissions we receive for selling you an index-linked variable annuity range from 3 to 5 percent when you are up to 75 years old. If you are 76 years old or older, the upfront commissions range from 2 to 3 percent.

  - **Fixed Indexed Annuity Commission –** The upfront commissions we receive for selling you a fixed indexed annuity range from 2 to 4 percent when you are up to 75 years old. If you are 76 years old or older, the upfront commissions range from 1 to 2.5 percent.

  - **Linked Benefit Annuity Commissions –** The upfront commission we receive for selling you a linked benefit annuity range from 1.25 percent to 9 percent.

  - **Fixed Annuity Commission –** The upfront commissions we receive for selling you a fixed annuity range from 1.5 to 3.75 percent when you are up to 75 years old. If you are 76 years old or older, the upfront commissions range from 1 to 2 percent. In addition, the upfront commissions for a deferred or immediate income fixed annuity ranges from 0.5 to 4 percent based on term and age.

- **Trail Compensation:** Similar to the 12b-1 fees we receive when you purchase mutual fund shares, when you purchase a variable, fixed indexed or linked benefit annuity, we receive a trailing commission from the insurance company that issued the annuity. The trails we receive vary and can range up to 0.50 percent of which is shared with your advisor. Because trail compensation varies, we, and your advisor, have an incentive to recommend that you purchase annuity contracts that pay us higher trails over those that pay us lower trails, or that do not pay us trails.

Additional Information. For more information about investing in annuities, please see the SEC's Annuities, available at:
https://www.investor.gov/introduction-investing/investing-basics/investment-products/insurance-products/annuities.

If you are interested in investing in a particular annuity, please review the annuity's contract or prospectus, which you can request from your advisor or by calling us at (800) 292-1292.

Variable Universal Life

Variable universal life insurance provides permanent protection with the potential to build cash value through scheduled premium payments, and also offers a variety of asset allocation options. We may recommend a variable universal life policy based on your particular circumstances and needs, including, for example, tax-deferred growth. Variable universal life policies are subject to market risks and may require payment of additional premiums. Other risks apply and depend on the particular policy and investment allocation and are disclosed in the policy and prospectus. We limit our list of approved insurance carriers based on the company's solvency as reported by third-party rating services.

Our Compensation. We earn a commission from the insurance carrier for the sale of the variable life insurance policy. The commission we receive is a percentage of the target premium that the customer pays for their insurance policy and ranges from 24 to 110 percent of the target premium. The target premium is calculated based on the premium amount needed for the policy's cash value to equal the death benefit at maturity, taking into account factors such as the insurer's current actuarial expectations as to mortality and operating expenses. When the premium exceeds the target premium, we receive a commission on the excess of between 2 to 4.5 percent. In many cases, we also receive renewal commissions between 2 to 10 percent starting in year two, that typically last between two years and 15 years, depending upon the product, for services related to the ongoing maintenance and review of the insurance policy. A portion of these commissions is shared with your advisor. While commissions paid by the insurance carrier are not deducted from your initial or subsequent premium payments, they are paid out of the insurance carrier's assets, which may be derived from product fees and expenses.

Because these commissions vary, we, and your advisor, have an incentive to recommend that you invest in policies from insurance carriers at premium amounts that pay us higher compensation over those that pay us less. We, and your advisor, also have an incentive to recommend that you cash out excess holdings in the policy (i.e., over the amount required to maintain the life insurance coverage) in order to buy additional investment products we sell to generate additional compensation. We mitigate these conflicts by disclosing them to you and by establishing policies and procedures and risk-based supervision to review these types of transactions.

Other Fees and Expenses. The insurance carrier for your variable life insurance policy may charge you additional fees, including but not limited to cost of insurance, administration fees, month per thousand charges, surrender charges, mortality and risk charges and fund management fees, as set forth in your policy.

Additional Information. For more information about investing in variable life insurance, please see the SEC's Investor Bulletin: Variable Life Insurance available at:
https://www.sec.gov/oiea/investor-alerts-and-bulletins/ib_varlifeinsurance.

If you are interested in investing in a particular variable life insurance policy, please review the policy's contract and accompanying prospectus, which you can request from your advisor, or by calling us at (800) 292-1292.

Fixed Income

Fixed income securities are debt securities and generally provide scheduled payments to the investor through the security's maturity date. We offer a variety of fixed income securities, including U.S., municipal, governmental agency, corporate and brokered certificates of deposit (CDs). Fixed income securities can be purchased directly from the issuer, or as secondary market securities that were previously issued and traded, including by our affiliates. We trade fixed income securities with you as agent or as riskless principal.

Fixed income securities are generally appropriate for customers with investment portfolios that indicate a need for current income or those who seek capital preservation over those seeking higher rates of return (and can withstand higher investment risks). Investments in fixed income securities may also be recommended as part of a portfolio to provide customers the proper diversification based on their investment objective, risk tolerance and time horizon. The main risks associated with fixed income securities depend on the particular security and are disclosed in the statements and other disclosures we make available to you in connection with a particular fixed income offering.

Municipal Bonds

Additional information and risks associated with municipal bonds.

Municipal bond investors are encouraged to visit **https://emma.msrb.org/** for important information on municipal bonds and their issuers. The Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (MSRB EMMA) is a comprehensive source for official statements, continuing disclosure documents (including notices of material events and financial/operating documents), advance refunding documents and real-time trade price information on municipal securities.

Types of Municipal Bonds

There are generally three common types of bonds: General Obligation Bonds, Revenue Bonds and Conduit Bonds. The sources of repayment for each type of bond differs. It is important that your advisor explains these differences and the risks and features of municipal bonds prior to you making a purchase.

Risks

Default Risk – The ability of an issuer of a municipal bond to meet its financial obligations. The failure of an issuer to meet its financial obligation may result in the issuer defaulting on the bond. As a purchaser of a municipal bond where the issuer has defaulted, you can lose your entire investment.

Interest Rate Risk – As interest rates rise, the market value of a municipal bond can decrease. Interest rate risk increases the longer you hold a bond. This is especially true if you purchase a bond when interest rates are at or near historically low rates.

Liquidity – The vast majority of municipal bonds are not traded on a regular basis; therefore the market for a specific municipal bond may not be particularly liquid. Selling prior to maturity can present a challenge for municipal bond investors due to the fragmented and thinly traded nature of the market.

Tax Status – The interest generated by many municipal bonds is generally exempt from federal income taxes and, in some cases, state and local taxes for investors who own bonds issued in their state of residence. As a result, the stated interest rate may be less than that of fully taxable bonds, but they may provide greater returns after taxes are taken into account. Investors should remember that municipal bonds are not free from all tax implications. Interest income may be subject to federal and/or state alternative minimum tax.

Call Risk – Some municipal bonds have a call provision entitling their issuers to redeem them at a specified price on a date prior to maturity. Declining interest rates may accelerate the redemption of a callable bond, causing an investor's principal to be returned sooner than expected. It is important that you consider all possible redemption features with a municipal bond prior to making a purchase.

For additional information associated with municipal bonds, please visit FINRA's Municipal Bonds investor information page at:
https://www.finra.org/investors/learn-to-invest/types-investments/bonds/types-of-bonds/municipal-bonds.

Certificates of Deposits (CDs)

CDs represent a deposit obligation of a bank or thrift institution domiciled in the United States or one of its territories, the deposits and accounts of which are insured by the Federal Deposit Insurance Corporation (the FDIC). Each CD constitutes a direct obligation of the bank and is not, either directly or indirectly, an obligation of Frost Brokerage Services. CDs may be purchased both upon issuance (the primary market) and in the secondary market.

The CDs of any one bank that you may purchase will be eligible for FDIC insurance up to $250,000, including principal and accrued interest, for each insurable capacity (e.g., individual, joint, IRA, etc.). For purposes of the $250,000 federal deposit insurance limit, you must aggregate all deposits that you maintain with the issuer in the same insurable capacity, including deposits you hold directly with an issuer and deposits you hold through Frost Brokerage and other intermediaries. Information about an FDIC-insured bank that has issued a CD can be obtained by accessing the following site: **https://cdr.ffiec.gov/public/.**

Our Compensation. When we trade with you as riskless principal, the price of fixed income securities that you buy from us or sell to us in the secondary market includes a mark-up or mark-down to the price of the security. The mark-up and mark-down you incur represents a profit to us over the price we buy or sell the security. We disclose the amount of any mark-up or mark-down on fixed income securities you buy or sell on your trade confirmations. When we act as agent in a fixed income trade, we receive a commission that is disclosed on our Brokerage Account Commissions and Fee schedule available under the Fixed Income section at:
https://www.frostbank.com/dam/Docs/PersonalPDFs/BrokerageAccountCommissionsAndFees.pdf.

Our advisors receive a portion of the mark-up or mark-down or commission. Because we receive a mark-up, mark-down or commission when you purchase and sell fixed income securities, we have an incentive to recommend fixed income transactions more frequently and in larger amounts. When we trade as riskless principal, we also have an incentive to increase the amounts of the mark-ups and mark-downs we impose. We also have an incentive to recommend longer-term or duration bonds because they pay higher commissions and compensation, but note that the shorter maturity fixed income securities will generally result in greater frequency and amounts of trades as these types of securities are generally rolled over into similar types of securities upon maturity.

Additional Information. For more information about investing in fixed income, please see the SEC's Bonds, available at:
https://www.investor.gov/introduction-investing/investing-basics/investment-products/bonds-or-fixed-income-products/bonds and Certificates of Deposit (CDs), available at:
https://www.investor.gov/introduction-investing/investing-basics/investment-products/certificates-deposit-cds.

If you are interested in investing in a particular fixed income security, please review the security's offering documents, which you can request from your advisor, or by calling us at (800) 292-1292.

Stocks

When you invest in individual stocks, you acquire shares of ownership equity in the companies in which you invest. We trade on an agency basis. When our advisors recommend a stock purchase, they do so when a customer's investment profile indicates that they would benefit from potential asset growth and can bear the risk of losing their investment. Investments in individual stocks may also be recommended as part of a portfolio to provide customers the proper diversification based on their investment objective, risk tolerance and time horizon. The main risks associated with stocks depend on the particular company whose stock is being purchased and are disclosed in the company's Form 10-K that is filed with the SEC and available at:
https://www.sec.gov/edgar/searchedgar/companysearch.html.

Our Compensation. We receive a commission when you buy and sell stocks as agent that is disclosed in our Brokerage Account Commissions and Fee schedule available under the Stocks section at: **https://www.frostbank.com/dam/Docs/PersonalPDFs/BrokerageAccountCommissionsAndFees.pdf.**

Because we receive a commission when you purchase and sell stocks, we have an incentive to recommend stock transactions more frequently and in larger amounts. Additionally, advisors buy and sell stocks in their own brokerage accounts, which can create a conflict of interest for them to recommend stocks in which they have interests. We mitigate these conflicts by disclosing them to you and by establishing policies and procedures, and risk-based supervision to review these securities recommendations.

Other Fees and Expenses. Our clearing firm, NFS, collects from you an Activity Assessment Fee for the sale of most stocks, ETFs and options. This fee is required by the SEC. The fee is automatically deducted from the proceeds of your sale.

Additional Information. For more information about investing in stocks, please see the SEC's Stocks, available at: **https://www.investor.gov/introduction-investing/investing-basics/investment-products/stocks.**

If you are interested in investing in a particular stock, please review the company's disclosures, including its Form 10-K, which you can request from your advisor, or by calling us at (800) 292-1292.

529 Education Savings Plans

529 Education Savings Plans (529 Plans) are tax-advantaged savings plans designed to encourage saving for future education costs. 529 Plans, also known as qualified tuition plans, are sponsored by states, state agencies and educational institutions. When you enroll in a 529 Plan, you will select an investment portfolio generally consisting of mutual funds from one of the choices offered by your plan. The features of 529 Plans vary depending on the state's plan and may include limitations on investment options, the ability to change investments and aggregate contributions for all beneficiaries. The tax implications and benefits of investing in a 529 Plan also vary and you should consult with your tax advisor when choosing a plan.

529 Plans' investment risks depend on the investments you select and are disclosed in the investment prospectuses and are also disclosed in the 529 Plan Application and Disclosure that your advisor will provide you upon request. The risks associated with investments within 529 Plans depend on the particular investment and are discussed in the applicable investment product sections (i.e., mutual funds) of this brochure, along with the basis for our recommendations of particular products.

Our Compensation. Our compensation on the sale of 529 Plans depends on the mutual fund shares or other securities you purchase through the plan. Specific fees and fee structures of each share class, including the amount charged and when it is collected, vary depending on the particular 529 Plans and underlying mutual funds in which you invest and are described in 529 Plans offering circular and mutual fund prospectuses and are typically disclosed in a statement or confirmation of activity that will be provided to you by the mutual fund company. Please see the section entitled Open-End Mutual Funds or other investment product section in this brochure for more information.

IRA Rollovers

Individual Retirement Accounts (IRAs) provide tax advantages for retirement savings. There are several types of IRAs offered by Frost Brokerage:

- **Traditional IRA –** Contributions typically are tax-deductible, and you pay no taxes on IRA earnings until retirement, when withdrawals are taxed as income.

- **Roth IRA –** Contributions are made with after-tax funds and are not tax-deductible, but earnings and withdrawals are tax-free.

- **SEP IRA –** Allows an employer, typically a small business or self-employed individual, to make retirement plan contributions into a traditional IRA established in the employee's name.

- **SIMPLE IRA –** Is available to small businesses that do not have any other retirement savings plan. The SIMPLE – which stands for Savings Incentive Match Plan for Employees – IRA allows employer and employee contributions, similar to a 401(k) plan, but with simpler, less costly administration and lower contribution limits.

If you roll over assets from an employer-sponsored retirement plan, such as a 401(k) plan, into an IRA with us we, and your advisor, will earn compensation on those assets, for example, through commissions, fees and third-party payments disclosed in this document. This creates an incentive for us to recommend and encourage you to roll over assets from your plan to us. We mitigate these conflicts by disclosing them to you and by establishing IRA rollover-specific policies and procedures, and risk-based supervision to review these securities recommendations.

You should be aware that the fees and commissions you pay for an IRA likely will be higher than those you pay through your plan, and there can be custodial and other maintenance fees, including IRA termination fees. As securities held in a retirement plan generally cannot be transferred to an IRA Covered Account, commissions charged on transactions in the IRA will be in addition to commissions and sales charges previously paid on transactions in the plan.

Other Fees and Expenses. Our account fees for IRAs are disclosed in the Schedule of Other Fees and Services section of our Frost Brokerage Services Account Commissions and Fees document at:
https://www.frostbank.com/dam/Docs/PersonalPDFs/BrokerageAccountCommissionsAndFees.pdf.

Additionally, IRA accounts held directly with an investment company or insurance carrier, may be subject to additional fees charged by those third parties. Any additional fees will be disclosed in the prospectus or offering document.

Additional Information. For more information about your rollover options, please refer to FINRA's IRA Rollover – 10 Tips to Making a Sound Decision available at: **https://www.finra.org/sites/default/files/p590722_0_0.pdf.**

Third-Party Payments – Mutual Funds and Annuity Products
Frost receives compensation from investment companies and insurance carriers for various products sold to its customers such as mutual funds and annuities. Some products that we offer pay higher ongoing fees than other products. This creates an incentive for us to sell those products that pay higher ongoing fees. Additionally, some products offered for sale do not pay any trail compensations or other fees to Frost. This creates a disincentive to sell those products.

- **Trail Compensation**
  - Mutual funds pay Frost annual fees based upon a percentage of the value of your investment. These fees are generally referred to as 12b-1 fees, and can range from 0.25 to 1 percent of the value of your investment. These ongoing fees usually last as long as you own the investment.
  - Annuities typically pay Frost annual fees referred to as trails. The amount of the annual trail commissions vary by product, and length, but generally are between 0 to 1 percent. Please ask your advisor for additional information regarding your specific annuity investment.

- **Concessions and Mutual Fund Finder's Fees –** Some investment companies will pay Frost compensation when there was no load or sales charge applied when a customer purchases a mutual fund. These fees can range from 0 to 1 percent.

If you are interested, please ask your advisor for information regarding specific third-party payments received by Frost on particular investment products.

- **Non-cash Compensation –** Some unaffiliated mutual fund companies that sponsor products on our approved list, i.e., on the list from which we make recommendations, will provide various meetings, seminars and conferences in the normal course of our business. The cost of attendance at these events, including the cost of travel, lodging, dining and entertainment, are paid for by the mutual fund sponsor either directly or by reimbursing the firm or the advisor for such costs.

  Attending these events expense free can create goodwill for the fund company and influence the advisor to recommend the sponsor's products.

  To mitigate the conflicts to these third-party payments, Frost uses a pre-approval process to limit the amount of expenses paid for by the mutual fund companies and the frequency of attendance to these events.

Third-Party Payments – Money Market Funds and House Accounts

- **Money Market Mutual Funds –** Frost's clearing firm, NFS, pays Frost a portion of the interest paid to Frost customers on funds held in Fidelity money market funds. These payments range from 0 (in low interest environments) to 0.4 percent (annualized) of customer funds. These payments create an incentive for Frost to recommend that customers allow the unused funds in their brokerage account to be swept into a Fidelity money market fund or invest directly into Fidelity money market funds.

- **House Accounts –** Frost receives trail commissions from insurance and mutual fund companies for products held in house accounts. A house account is one where the account is not assigned to a designated advisor. These trail commissions vary by product but range from 0.25 to 1 percent.

Customer Referrals, Other Compensation and Conflicts

- **Payments for Referrals –** Frost compensates employees of our affiliates who refer customers to us for brokerage services. We participate in programs sponsored by our parent company, Frost Bank, and our affiliates, to pay the individual making the referral a percentage of the fees and commissions generated by transactions in a brokerage account that are determined to have become brokerage accounts as a result of our affiliates' direct or indirect efforts.

  This creates a conflict where an affiliated employee has a financial incentive to direct the referral to Frost rather than another entity.

  To mitigate this conflict, the firm has policies and procedures that address brokerage account referrals.

- **Frost Mutual Funds** are available for advisors to recommend to you in your brokerage account. When a recommendation is made to invest in a Frost fund, i.e., a fund advised by an affiliated investment adviser, and you invest in a Frost fund, our affiliated investment adviser (Frost Investment Advisors) and our parent company (Frost Bank) benefit through management fees charged on the assets invested in those funds. When your advisor recommends a Frost mutual fund to you, this creates a conflict of interest in that it benefits our parent company, Frost Bank, and an affiliated institutional investment adviser, but neither Frost Brokerage Services nor our advisors receive any benefit from you investing in Frost funds.

Advisor Compensation, Fees and Related Conflicts

- **Cash Compensation –** Frost's advisors may be compensated based upon commissions and fees generated by you and their other customers or they may be paid a salary. Regardless of how they are compensated, they also have the opportunity to earn incentive compensation if they meet certain milestones, such as a certain level of revenue from commissions and fees. This compensation arrangement creates a conflict of interest in that it incentivizes advisors to encourage you to trade.

- **Other Benefits –** On an annual basis, Frost may sponsor a sales meeting for its advisors. The cost for attending the sales meeting are paid for by the firm. This can include travel expenses, lodging, dinners and entertainment expenses. While attendance at these sales meetings are not tied to an advisor meeting certain sales goals, the meetings create an incentive for the advisor to stay with the firm.

- **Collateralized Loans –** Our parent company, Frost Bank, offers loans that are secured by assets in your brokerage account. The interest earned on these loans benefits Frost Bank, but we, Frost Brokerage and our advisors, receive no compensation if you initiate a loan with Frost Bank that is collateralized by your brokerage account.

Investment products are NOT FDIC insured, are NOT bank guaranteed, and may lose value. Brokerage products and services offered through Frost Brokerage Services, Inc., Member FINRA/SIPC, and investment advisory services offered through Frost Investment Services, LLC, a registered investment adviser. Both companies are subsidiaries of Frost Bank.