M Securities Disclosures

M Holdings Securities, Inc.™

Effective 6–30–2020

This disclosure supplements the M Holdings Securities, Inc. (“M Securities”) “Client Relationship Summary” found on https://mfin.com/m-securities. It describes material facts you should know about M Securities before you enter into a brokerage relationship with us. A comprehensive description of our advisory services is available in the applicable Form ADV, Part 2A disclosures at https://mfin.com/m-securities. In addition to the disclosures in this document and the referenced disclosure documents, from time to time M Securities financial professionals will provide additional disclosures verbally. M Securities is a broker-dealer and an investment adviser registered with the US Securities and Exchange Commission (“SEC”).

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INTRODUCTION

Most M Securities financial professionals offer both brokerage and investment advisory services, some only offer brokerage services and others only offer investment advisory services. When you are discussing services with a financial professional, you should ask what capacity the financial professional is acting or will be acting when providing services to you.

M Securities and its financial professionals offer and recommend investment products only from investment sponsors with which M Securities has entered into selling and distribution agreements. Other firms may offer products and services not available through M Securities, or the same or similar investment products and services at lower cost. In addition, M Securities 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.

The scope of products and services offered by certain financial professionals may also 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. To provide investment advisory services, a financial professional is often required to be registered investment advisor representative with the state in which he/she has a place of business.

Certain employees provide sales support resources to financial professionals who offer various types of brokerage and advisory products, programs, platforms and services. The compensation that M Securities pays to these employees varies based on a number of factors, including assets in the program and compensation earned by M Securities from the sales of these products and services. These sales employees have an incentive to promote certain programs and platforms to financial professionals over others or those available through third parties.

Financial professionals are permitted to engage in certain approved outside business activities. In certain cases, a financial professional receives more compensation, benefits and non-cash compensation through the outside business than through M Securities. 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.

To assist our clients in choosing the appropriate product to meet their needs, our financial professionals will only focus on a select group of investment products that have undergone a due diligence process.

Conflicts of Interest

Clients should be aware that the receipt of additional compensation by M Securities and its management personnel, employees and financial professionals creates a conflict of interest that may impair the objectivity of M Securities and these individuals when making brokerage recommendations. M Securities takes the following steps to address this conflict:

INTRODUCTION (Continued)

- M Securities has in place processes to identify all conflicts of interest and to eliminate or mitigate such conflicts. Controls are in place to address all conflicts that M Securities cannot eliminate.
- M Securities discloses to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation;
- M Securities discloses to clients that they are not obligated to purchase recommended products from our employees or affiliated companies;
- M Securities collects, maintains and documents accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- M Securities reviews each client account to verify that all recommendations made to a client are in the client's best interest for the client's needs and circumstances;
- M Securities requires that our employees seek prior approval of any outside employment activity so that M Securities may ensure that any conflicts of interests in such activities are properly addressed;
- M Securities periodically monitors these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our Firm;
- M Securities educates our employees and financial professionals regarding acting in the client's best interest, including the need for having a reasonable and independent basis for the recommendations provided to clients.

M FINANCIAL GROUP AND ITS MEMBER FIRMS

M Financial Group and its subsidiaries provide a variety of support services to a select network of Member Firms which create certain conflicts of interest. For more information on how M Financial Group supports its Member Firms, please visit mfin.com/disclosure.

Proprietary Insurance Products
M Financial Group develops life insurance products in conjunction with unaffiliated insurance companies, which products can be offered only by M Financial Group, its Member Firms and their affiliated producers

Ownership of M Financial Group
Member Firms and many of their affiliated producers are stockholders of M Financial Group. As stockholders, they share in the profits of M Financial Group via periodic stock or cash dividends. For more information on our ownership structure, please visit mfin.com/disclosure.

Sources of M Financial Group Revenues
M Financial Group derives its consolidated revenues from a variety of sources, which include both its Member Firms and unaffiliated insurance carriers and other financial service providers. Please visit mfin.com/disclosures for detailed information on how the various sources of revenue for M Financial Group.

Compensation of Member Firms and Producers
Member Firms and producers receive from unaffiliated financial service providers some or all of the following compensation, as applicable:

- Commissions and other cash and non-cash compensation (sales incentives) paid by the unaffiliated insurance carriers with respect to products offered by the carrier.
- Renewal commissions from unaffiliated carriers for servicing and keeping in force policies previously purchased by clients.
- Commissions and fees for execution of securities transactions.
- Fees for providing investment advisory services.
- Percentage fees for facilitating settlements of existing life insurance contracts.

Compensation to Member Firms and their producers varies, depending upon, among other factors, the product type, the issuer, and the features and/or riders which are attached to the particular product.

M Financial Group and its subsidiaries receive additional compensation from and/or enter into reinsurance arrangements with numerous insurance carriers and financial service providers. For a list of M Financial Group Subsidiaries and insurance carriers that M Financial Group does business with, please visit mfin.com/disclosure.

<u>Proprietary Insurance Products</u>
M Financial Group negotiates with unaffiliated insurance companies on behalf of Member Firms for access to a number of proprietary products that can be offered only by Member Firms and their affiliated producers.

M Financial Group, the parent company of M Securities and its subsidiaries, does not issue insurance policies or financial services products. However, M Financial Re, a subsidiary of M Financial Group, reinsures a portion of the mortality risk on some policies issued by unaffiliated insurance carriers and sold by our financial professionals.

Our financial professionals are free to offer products and services provided by any financial services provider and are not required to offer proprietary products or other products or services designed or promoted by M Financial Group.

When M Financial Re reinsures proprietary products, M Financial Group has direct access to policy experience data. This direct access facilitates active management of in force business. With this data, M Financial Group can regularly monitor the service, experience, and performance of in force business on behalf of Member Firms and their clients. From time to time, policy experience data results in pricing enhancements that apply to new sales. M Financial Group uses its influence to encourage insurance carriers to apply these improvements to in force business as well.

Nearly all investment advisory representatives of M Securities are also licensed as representatives of our broker/dealer. While insurance products are not sold through our investment advisory relationship with the client, if the client's investment advisory representative is a registered representative of our broker/dealer, the client may purchase insurance products through M Securities.

Compensation of Member Firms and Producers

The primary source of compensation for Member Firms and their producers is the traditional system of commissions and fees applicable to insurance agents, investment advisory, and registered representatives. In addition to the indirect compensation arrangements (described above) which Member Firms and their producers derive from membership in M Financial Group, Member Firms and producers receive from M Securities and unaffiliated financial service providers some or all of the following compensation, as applicable:

- Commissions and other cash and non-cash compensation (sales incentives) paid by the unaffiliated insurance carriers with respect to products offered by the carrier.
- Renewal commissions from unaffiliated carriers for servicing and keeping in force policies previously purchased by clients. These commissions can be in addition to any up front payment made to the registered person.
- Commissions and fees for execution of securities transactions.
- Fees for providing investment advisory services.
- Percentage fees for facilitating life settlements of existing life insurance contracts.
- Payments, in the form of forgivable loans, in connection with the transition of association from another broker-dealer or investment advisor firm to M Securities. These payments are made by a Member Firm and not directly from M Securities.
- Payments in the form of repayable loans. These payments are made either by a Member Firm or directly from M Securities.
- Attendance at certain M Financial Group conferences and events. Member Firms pay for their own transportation and lodging costs when attending M Financial meetings. However, at certain meetings M Financial will offer meals, escorted tours, a cruise and other events at no cost to the financial professional.
- M Securities or its custodian provides human capital and other services to assist financial professionals in the transition of accounts to M Securities.

Compensation to Member Firms and their producers varies, depending upon, among other factors, the product type, the issuer, and the features and/or riders which are attached to the particular product.

Some financial professionals have entered into arrangements under which they receive compensation directly or indirectly from managers of funds available as investment options under certain private placement variable insurance contracts. This compensation is paid when the financial professional recommends that a client invest in these funds. Please discuss with your financial professional whether they have such an arrangement in place.

Non-Cash Incentive Program

Financial professionals who reach a specified sales target receive indirect compensation in the form of an incentive trip provided by M Financial Group. Every two years, M Financial Group calculates the cumulative revenue generated by its Member Firms from sales of general securities, securities related insurance products, non-securities related insurance products, and the provision of investment advisory services. Member Firms with the highest sales revenue are allowed to designate an individual financial professional to receive an incentive trip sponsored by M Financial Group. For every dollar generated from these commissions and investment advisory fees, less than 1/100th of a cent of indirect compensation is generated in the form of these incentive trips.

M Funds

M Securities is affiliated with M Financial Investment Advisors (“MFIA”) and M Fund, Inc. (“M Funds”). MFIA is wholly owned by our parent company, M Financial Group, and it serves as the investment adviser to M Funds, an open end mutual fund registered with the SEC. M Securities, as broker/dealer, is the distributor for M Funds.

M Funds are not sold directly to the general public but instead are offered as an underlying investment option for variable annuity policies issued by certain insurance companies or through qualified pension and retirement plans. The use of M Funds in such variable annuity policies are only available to M Securities clients.

An incentive exists to recommend insurance products that offer M Funds and to recommend the use of M Funds subaccounts within these products, as opposed to other insurance products and subaccounts, because many financial professionals and their private agencies have an ownership stake in M Financial Group. Revenue from both MFIA and M Funds is used in the calculation of the M Financial Group Incentive Compensation Plan. For more information about the Incentive Compensation Plan and more information regarding the manner in which compensation could ultimately find its way to a financial professional through the client selecting M Funds as a subaccount within an insurance policy, refer to mfin.com/disclosure.

PRODUCT DISCLOSURES

Variable Life Insurance and Private Placement Life Insurance

M Securities and its financial professionals receive compensation from the sale of variable life insurance products. The compensation includes commissions that are a percentage of first-year commissionable premiums and trail payment of subsequent premiums, if any. The amount of commission varies depending on the issuer, coverage and the premium amount. These products afford the policyowner(s) exposure to market risk to potentially improve contract cash values. However, adverse market performance could lead to the total loss of insurance and contract value. Life insurance is also more expensive than owning mutual funds; variable life insurance may therefore not be an appropriate investment for those interested strictly in an accumulation vehicle or short-term investments. Taking loans or withdrawals against the cash value of the policy may affect the viability of the policy in later years. Illustrations that are provided to you are intended to show how the performance of the underlying investment accounts and policy expenses could affect the policy cash value and death benefits. They do not predict future policy values or investment results; policy values will be greater or less than those shown depending on policy costs and market performance. Please review the illustration carefully for more information. The investment options you choose, and how they perform, will affect your policy's accumulated value and may affect the death benefit. Make sure you understand any costs you may pay directly and indirectly on your investment options because they will affect the cash value of your policy. The sub-accounts may not generate a sufficient, let alone a positive, return, especially after the deductions for policy and sub-account portfolio charges. You assume the risk that the value of your sub-accounts may decline or may not perform to your expectations. Your policy could lapse without value or you may be required to pay additional premium because of poor fund performance. Each fund has various investment risks, and some funds are riskier than others. You should read each fund's prospectus and understand the risks associated with the fund before allocating your premiums to its corresponding sub-account. There is no assurance that any fund will achieve its stated investment objective. The allocation of cash value to or between sub-accounts is your responsibility. Your financial professional does not provide advice or make recommendations in this regard. You should be informed that variable life insurance may involve significantly more risk than term, whole life, or universal life policy and is a different type of life insurance policy. Review the current benefits of your existing policy before changing any of your insurance coverage, you may be relinquishing existing benefits such as dividends, guaranteed death benefits, insurance ratings, and starting a new contestability and/or suicide period.

The prospectus or private offering memorandum provides information about the investment objectives, risks, and charges and expenses, as well as other information that should consider carefully before investing. If a conflict exists, information contained in the prospectus or private offering memorandum supersedes information disclosed here.

PRODUCT DISCLOSURES (Continued)

Alternative Investment Product Disclosure

From time to time, you may become interested in purchasing an “alternative investment” for your portfolio. We believe it is important for you to understand what this means.

Alternative investments are complex products. A complex product is one with multiple, novel, complicated, intricate, derivative or similar features that affect its investment return under different market and economic scenarios. Following are some examples of complex products:

- asset-backed and other derivative securities
- reverse convertible notes
- structured notes with “worst-of” features
- principal protected products
- range accrual notes
- leveraged and inverse exchange-traded funds
- commodity futures-linked securities
- private placements
- hedge funds and private equity funds
- direct participation programs
- real estate investment trusts
- equity-indexed annuities
- public and private variable products

This list is not exhaustive, and even some relatively simple products might impose substantial risks to investors. A key aspect of complex products is whether investors can understand complex product features and how the product will fit into their investment portfolio. Trading in financial products always involves a risk. You should only purchase financial products if you completely understand their features and associated risks.

This disclosure does not contain, and may not be relied upon to contain, a complete description of complex products or their features, terms or risks. Before you purchase any product, including complex products, you must carefully read all the relevant offering and disclosure document(s) and/or prospectuses, which contain more complete descriptions of features, terms, risks and potential conflicts of interest. You may also wish to discuss the product with your financial professional. Complex products are unsuitable for many investors. If you do not completely understand the product, you should not purchase it. With respect to complex products in general:

- Historical performance is not a predictor or guarantee of future performance
- Some products are difficult or impossible to sell or liquidate in a timely fashion
- Some products trade in thin or non-existent markets and are difficult to value
- Some products trade on a foreign exchange that may not offer the same regulatory protection as a United States based securities exchange
- Some products have complex tax consequences and you need to consult your tax advisor for a full understanding of the tax implications
- Some products entail the use of “leverage” which magnify price swings and losses

PRODUCT DISCLOSURES (Continued)

Mutual Fund Disclosures

M Securities makes available mutual funds in our brokerage accounts that offer various share classes. Not all mutual funds have the same share classes available. Each share class charges different expenses, including but not limited to 12b-1 fees, also known as a distribution and service fee. While each mutual fund prospectus indicates whether a specific share class charges a 12b-1 fee, some share classes charge 12b-1 fees while others do not. M Securities and its financial professionals receive these 12b-1 fees.

Investors who purchase mutual funds must make certain choices, including which funds to purchase and which share class is most advantageous. Each mutual fund has a specified investment strategy. You need to consider whether the mutual fund's investment strategy is compatible with your investment objectives. Additionally, most mutual funds offer different share classes. Although each share class represents a similar interest in the mutual fund's portfolio, the mutual fund will charge you different fees and expenses depending upon your choice of share class.

Before investing in mutual funds, it is important that you understand the sales charges, expenses, and management fees that you will be charged, as well as the breakpoint discounts to which you may be entitled. Mutual funds offer more than one share class to investors, and different share classes have different sales charges and other expenses. Understanding these charges and breakpoint discounts will assist you in identifying the best investment for your particular needs and may help you reduce the cost of your investment. This disclosure document provides general background information about these charges and discounts. However, sales charges, expenses, management fees, and breakpoint discounts vary from mutual fund to mutual fund. Therefore, you should discuss these issues with your financial professional and review each mutual fund's prospectus, which is available from your financial professional, for specific information regarding the charges and breakpoint discounts associated with a particular mutual fund prior to investing.

Share Classes

- **Class A –** This class carries a front-end sales charge that is imposed at the time of purchase. This means a sales charge is deducted from your investment each time you purchase additional shares, and is paid at the time of your investment. Class A shares have a lower expense ratio (total annual fund operating expenses as a percentage of the mutual fund's assets and referred to as 12b-1s) compared to the other share classes of the same mutual fund, which means that your on-going costs may be lower than the costs associated with other share classes. Many mutual funds offer "breakpoint" discounts if you make a large investment, already own shares of mutual funds in the same fund family, sign a Letter of Intent committing to purchasing additional shares in order to reach a breakpoint within 13 months, or you, with other eligible family members own funds within the same fund families. These breakpoints are described in the mutual fund's prospectus. If you are eligible for a breakpoint, the mutual fund company must be notified when the investment is made. Because Class A shares have lower annual expenses than other share classes, it is likely they will be less expensive over the long term for investors investing $100,000 or more.

Breakpoint Discounts

- The extent of the breakpoint discount depends upon the size of the purchase. As the amount of the purchase increases, the percentage used to determine the sales load decreases. Most mutual funds offer investors a variety of ways to qualify for breakpoint discounts on the sales charge associated with the purchase of Class A shares. Most mutual funds provide breakpoint discounts to investors who make large purchases at one time. In fact, the entire sales charge may be waived for investors who make very large purchases of Class A shares. Mutual fund prospectuses contain tables that illustrate the available breakpoint discounts and the investment levels at which breakpoint discounts apply. Additionally, most mutual funds allow investors to qualify for breakpoint discounts based upon current holdings from prior purchases through Rights of Accumulation, and future purchases based upon Letters of Intent. This document provides general information regarding Rights of Accumulation and Letters of Intent. However, mutual funds have different rules regarding the availability of Rights of Accumulation and Letters of Intent. Therefore, you should discuss these issues with your financial professional and review the mutual fund prospectus to determine the specific terms upon which a mutual fund offers Rights of Accumulation or Letters of Intent.

1. Rights of Accumulation

Many mutual funds allow investors to combine 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, some mutual funds allow investors 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 investment professional about those balances. You may need to provide documentation establishing the holdings in those other accounts to your investment professional if you wish to rely upon balances in accounts at another firm.

In addition, many mutual funds allow investors 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 investment professional or review the mutual fund's prospectus 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 investment professional about these accounts.

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 an investor 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 financial professional and review the mutual fund's prospectus to determine whether the mutual fund uses NAV or historical costs to determine breakpoint eligibility.

2. Letters of Intent

Most mutual funds allow investors to qualify for breakpoint discounts by signing a Letter of Intent, by which the investor states his/her intention to purchase a specified amount of Class A shares within a defined period of time, usually 13 months. For example, if an investor 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 investor could sign a Letter of Intent at the time of the first purchase and receive the breakpoint discount associated with a $50,000 investment on the first and all subsequent purchases made pursuant to the Letter of Intent. Additionally, some funds offer retroactive Letters of Intent that allow investors to rely upon purchases in the recent past to qualify for a breakpoint discount. However, if an investor fails to invest the amount stated in the Letter of Intent, the fund is entitled to retroactively deduct the additional sales charges based upon the total amount that the investor actually invested. If you intend to make several purchases within a 13-month period, you should consult your financial professional and the mutual fund prospectus to determine if it would be beneficial for you to sign a Letter of Intent.

- **Class B – No sales charge is** imposed at the time of purchase or initial investment with Class B shares. Typically, there are back-end or contingent deferred sales charges (also known as a "CDSC"), which means that you pay a sales charge when you redeem (sell) mutual fund shares. The amount of the CDSC as a percentage of your investment declines over time and eventually is eliminated the longer you hold your shares (the period of decline may last anywhere from 5 to 8 years depending on the particular mutual fund). For example, if there is a 5-year surrender charge, and if you sell in the first year, you pay a 5% fee, reducing annually to 0% after the fifth year. Once the CDSC period has ended, Class B shares convert to Class A shares. Until this conversion takes place, Class B shares will have higher 12b-1 fees than Class A shares and, as a result, the overall expense ratio for Class B shares will be higher than that of Class A shares. Depending on your time horizon and the amount invested, the higher annual expenses may result in a lower return on investment as compared to an investment in Class A shares.

- **Class C –** Similar to Class B shares, no sales charge is imposed at the time of purchase with Class C shares, and they are characterized by a CDSC. However, unlike Class B shares, the possibility of incurring a CDSC if you sell your shares is eliminated after a short period of time (usually 1 year). Class C shares also have higher 12b-1 distribution cost fees than Class A shares, and continue for as long as you own the shares. Class C shares will almost always have a higher total operating expense ratio than Class A shares, while Class C shares have total operating expense ratios that are comparable to Class B shares during the B share CDSC period (and before the B shares convert to A shares). Depending on the fund company, Class C shares may convert to Class A shares after a long period of time (usually 10 years). Depending on your time horizon, the higher annual expense may result in a lower return on investment as compared to an investment in Class A shares.

- **Other Share Classes –** In addition to A, B, and C shares, there may be other share classes available through the mutual fund family in which you are investing. These share classes may have no sales charge, low expenses, or varying combinations of charges. These shares are restricted to certain account types, such as retirement or advisory, or have high minimum investment requirements. For more information on these share classes, refer to the fund's prospectus and speak with your financial professional.

If you have decided to purchase mutual funds from two or more fund families, you may not be able to take full advantage of available breakpoints to reduce the sales charges on these investments and that cumulative sales charges may be higher than if you were investing in one fund family. You may choose to invest in more than one mutual fund family as part of a plan designed to diversify your assets and meet your investment goals.

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. You should discuss the availability of breakpoint discounts with your financial professional and carefully review the mutual fund prospectus, when choosing among the share classes offered by a mutual fund. Furthermore, the Financial Industry Regulatory Authority (FINRA) maintains a Mutual Fund Expense Analyzer tool on its website at that can help you in making a decision on the right share class for you. https://www.finra.org/investors/tools-and-calculators/using-finra-fund-analyzer

Mutual Fund Replacement and Exchanges

If your financial professional recommends that you replace a mutual fund from one fund family, with a mutual fund from a different fund family, this type of recommendation will cause you to incur additional sales charges. M Securities requires all replacements of mutual fund holdings to be in the best interests of the client. Any replacement must provide a benefit to the client that would not otherwise be available through the original product or mutual fund provider (referred to as a "fund family").

Many fund families allow investors to exchange shares of funds within the family without incurring any additional sales charges, and you will lose this benefit if you are replacing the mutual funds of one fund family for funds offered by another family. Most fund families offer several share classes

M Securities recommends seeking the advice of a tax advisor to evaluate the potential tax consequences, if any, of this type of transaction.

PRODUCT DISCLOSURES (Continued)

529 Plan Disclosures

Depending upon the laws of your home state and the laws of the designated beneficiary's state, favorable state tax treatment or other benefits may be available if you invest in your home state's 529 college savings plan. Any state-based benefit offered with respect to a particular 529 college savings plan should be just one of many appropriately weighted factors to be considered in making an investment decision. You should consult with your financial, tax, or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances, and you may wish to contact your home state or any other 529 college savings plan to learn more about the features, benefits, and limitations of that state's 529 college savings plan. 529 plans invest in municipal securities, which are subject to mutual fund breakpoints as referenced above.

PRODUCT DISCLOSURES (Continued)

Life Settlements / Selling Your Life Insurance Policy

A life settlement is the sale of a life insurance policy to a third party. The owner of the policy sells it for an immediate cash benefit, which is lower than the death benefit. The buyer (the life settlement provider) becomes the new owner of the life insurance policy, pays all future premiums and collects the entire death benefit when the insured dies. At one time, most life settlements were from people with a life-threatening illness. Now, individuals who are not facing a health crisis may sell their life insurance policies to get cash. Your state insurance department, along with the National Association of Insurance Commissioners (NAIC), wants you to have the facts before you sell your life insurance policy. This disclosure provides some of that information but is only a starting point. Consult your own professional financial professional, attorney, or accountant to help you decide if this is the most suitable arrangement for you.

Consider all of your options first. If you are selling your policy to get cash to pay expenses, check all of your options. You may find a way to get more cash from your life insurance policy. Ask your financial professional or company if you have any cash value in your life insurance policy. You may be able to use some of the cash value to meet your immediate needs and keep your policy in force for your beneficiaries. You may also be able to use the cash value as security for a loan from a financial institution. Find out if your life insurance policy has an accelerated death benefit. An accelerated death benefit typically pays some of the policy’s death benefit before the insured dies. It may be a way for you to get cash from a policy without selling it to a third party.

PRODUCT DISCLOSURES (Continued)

Variable Annuity Disclosure

General Disclosure

A variable annuity is a contract between you and an insurance company, under which you make a lump-sum payment or series of payment. In return, the insurer agrees to make payments to you beginning immediately or at some future date. Variable annuities allow you to invest your purchase payments in a range of investment options. You can move your investment among the available options and generally may transfer the annuity from one provider to another without any adverse tax consequences, as long as it remains in an annuity. As with other tax-deferred plans, any earning in an annuity are taxed at your ordinary income rate, which may be higher than today's maximum capital gains rate. Investors considering variable annuities should evaluate whether they would benefit more from the tax deferral on earnings or from the lower capital gains rate if the same investment were held in a taxable account. The value of your account in a variable annuity will vary depending on the performance of the investment options you have chosen, and you may receive more or less than the amount invested. An annuity contract may be appropriate if you're looking for retirement income or you want to meet other long-term financial objectives. You should carefully consider your age, income, net worth, tax status, insurance needs, financial objectives, investment goals, liquidity needs, time horizon, risk tolerance and other relevant information to decide if a variable annuity is right for you. Please refer to your product prospectus that contains important information such as investment objectives, risks, charges and expenses. Variable annuity contracts offer a "free look" period. Generally, this period is ten days in length, as well as the terms and conditions of the period, may vary by sponsoring company. Variable annuity contracts can be canceled during the "free look" period to receive a refund of all or some portion of the purchase amount paid, as provided by the contract and state law. The financial professionals at M Securities receive revenue in the form of commissions from the sale of variable annuities.

Replacements and Exchanges

If replacing or exchanging monies from an existing investment into a variable annuity, please review this important information about replacements/exchanges.

It may not be in your best interest to surrender, lapse, exchange, change or borrow from an existing annuity.

When surrendering one investment for another, your financial professional must provide you with a written disclosure statement for your signature discussing the following:

1. The differences between your existing investment and the proposed annuity, including guarantees, death benefit provisions, tax treatment and/or withdrawal provisions;
2. Surrender charges or value applicable to the surrendering of your existing investment, as well as the surrender schedule of the proposed annuity;
3. Any costs associated with the purchase of the proposed annuity, including sales charges or other initial fees;
4. The possibility, if any, of modifying or adjusting the existing investment to meet your needs, rather than replacing the investment;
5. The "free look" provision which allows you to cancel the new contract without penalty; this option is generally available for ten (10) days after you receive the new contract.

M Securities encourages you to consult with your tax advisor before replacing or exchanging one investment for another. Depending on the transaction, you may be subject to income, capital gains or other taxes and penalties. If you

PRODUCT DISCLOSURES (Continued)

are surrendering or allowing to lapse a term, whole life, or universal life policy, you should be aware that the new product is a substantially different type of life insurance policy, one that may involve significant investment risk. By changing your insurance coverage, you may be relinquishing existing benefits such as dividends, guaranteed death benefits, insurance ratings, and starting a new contestability and/or suicide period.

GENERAL INFORMATION

Margin & Lending

M Securities offers customers the ability to purchase securities on credit, also known as margin purchases. When a customer purchases securities on margin, M Securities extends a line of credit to the customer and charges interest on the margin balance. M Securities has a financial incentive to encourage margin borrowing because M Securities earns compensation in the form of interest, transaction charges and other fees on investments made with borrowed amounts. That financial incentive creates a conflict of interest as M Securities and financial professionals benefit from your decision to borrow and incur the various fees and interest described above. When margin is used, M Securities has the right to sell assets in client accounts when account values fall below a certain threshold. Refer to your Custodian margin agreement for more information. Thus, in a declining market the losses to the client will be exaggerated as not only will the client incur unrealized market losses in the value of assets in the account, the client will also incur actual realized losses in the assets sold to meet margin calls. If contemplating use of margin, please consult the M Securities Margin Agreement and related disclosures for additional details.

Rollovers

The following discuss is intended to provide information to customers who are considering rolling assets out of a retirement plan. This discussion does not constitute a recommendation or investment advice.

If a customer decides to roll assets out of a retirement plan, such as a 401(k) plan, and into an individual retirement account (IRA), we have a financial incentive to recommend that a customer invests those assets with M Securities, because we will be paid on those assets, for example, through commissions, fees and/or third party payments. A customer should be aware that such fees and commissions likely will be higher than those the customer pays through the plan, and there can be custodial and other maintenance fees. As securities held in a retirement plan are generally not transferred to an IRA, commissions and sales charges are charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

The assets in your employer’s retirement plan may by the largest sum of money you have ever accumulated. A recommendation to rollover plan assets to an IRA rather than keeping assets in a previous employer’s plan or rolling over to a new employer’s plan should reflect consideration of various factors, the importance of which will depend on your individual needs and circumstances.

Depending upon your particular circumstance (and the terms of your plan), you may have the following options available with respect to the assets in your workplace retirement plan account: 1. Leave assets in your existing plan; 2. Move the plan assets to another plan, such as a new employer’s plan; 3. Move your plan assets to an IRA held at a financial institution, such as M Securities or another financial firm; or, 4. Receive a taxable distribution from the plan (which may also be subject to penalties).

UBS Relationship

M Securities entered into a business arrangement with UBS Financial Services (UBS). This arrangement relates to instances in which a UBS financial professional refers customers to M Securities’ Financial Professionals for purposes of providing recommendations on life insurance offerings.

As described in more detail above, M Securities is an affiliate of M Financial Group. M Financial Group develops life insurance products in conjunction with unaffiliated insurance companies, which products can only be offered by M Financial Group, its Member Firms and their affiliated Financial Professionals. The Financial Professionals are members of M Financial Group and typically have access to sell these proprietary products. However, these proprietary products are not available under the UBS arrangement.

Compensation from Pershing, LLC

Pershing offers a no-transaction-fee program ("FundVest") in lieu of clearing charges in which M Securities voluntarily participates. Pershing receives negotiated servicing fees from participating mutual funds in this program and shares a portion of those fees with M Securities. Clients can find additional information about this arrangement in their Pershing New Account Disclosure.

Pershing offers clients a variety of supplementary account features which are available for additional fees. Fees for some of these features are shared with M Securities and/or the financial professional. Prior to participation in these supplementary features, clients should read the Pershing disclosures associated to the feature to determine the relevance and conflict of interest to financial professional.

Proxy Voting

M Securities does not vote proxies on behalf of our advisory clients. M Securities does not offer any consulting assistance to clients regarding proxy issues.

Trading Errors

In the event a trade error occurs in an account, and such error is determined to be caused by M Securities, M Securities will cancel the trade and remove the resulting monetary loss to a Customer from the account. If a trade correction is required as a result of a Customer error (e.g., not making full payment for purchases, fails to deliver securities for liquidation before settlement), M Securities will cancel the trade and any resulting monetary loss will be borne by the Customer. If such trade requires a correction and results in a monetary gain to the Customer, the gain will be removed from the account and results in a financial benefit to M Securities. Gains by M Securities due to Customer error will be used to offset losses to M Securities.

Non-Transferable Products and Product Replacements

If you transfer your account to M Securities, certain products purchased through your other brokerage firms may not be available to you through M Securities for additional purchases or servicing and/or may not pay your financial professional compensation. If you choose to replace such a product in the future, your financial professional will receive compensation from the issuer of the new product. However, you are under no obligation to surrender a product you currently own, and you may continue to hold that product through your prior firm. However, if the product is held at your prior firm, your financial profession at M Securities will not be able to view that product or know what is occurring with that product. Any recommendation to liquidate, replace, or surrender this product must be suitable for you based upon your financial needs and investment objectives. Prior to the execution of such a replacement, your financial profession must discuss with you the differences between your existing product and new product including, but not limited to the following:

1. investment objectives,
2. fees, expenses, and/or tax treatment;
3. any costs associated with the purchase of the new product, including sales charges;
4. any surrender charges associated with surrendering your existing product;
5. any new surrender period or liquidity issues associated with the purchase of the new product; and
6. any "bonus" on premium payments for the new product which cannot be considered an "offset" against any other fees or expenses, including surrender charges applied to the replaced product.

M Securities encourages you to consult with your tax advisor before liquidating, replacing, or exchanging one product for another as you may be subject to income, capital gains, or other taxes or penalties.