

BROKERAGE SERVICES DISCLOSURE BROCHURE

NatAlliance Securities, LLC (“NAS” or the “Firm”) is a registered financial services firm, which means that NAS is registered as a broker-dealer with the United States Securities and Exchange Commission (“SEC”) pursuant to the Securities Exchange Act of 1934. As a broker-dealer, NAS is also a member of the Financial Industry Regulatory Authority (“FINRA”), and the Securities Investor Protection Corporation. NAS is an introducing broker which means the firm accepts orders to buy or sell, but does not accept money or other assets from its customers to support the orders. We clear our transactions through Hilltop Securities. When you work with NAS and our financial professionals, it is important for you to understand we are servicing you in a brokerage capacity. Important factors you should consider when investing include costs, conflicts of interest and other considerations that can apply to our relationship. References in this brochure to “us” or “we” refer to NAS and its associated persons / financial professionals.

The purpose of this brochure is to provide you with detailed information about our brokerage services, and expand upon the important disclosures in the NAS Customer Relationship Summary or “Form CRS.” A copy of the NAS Form CRS, as well important disclosures about our brokerage services, is available at <https://www.natalliance.com/disclaimers/>.

In this brochure, we explain the following:

1. NAS and your financial professional’s role and responsibilities as a broker-dealer and an associated person of a broker-dealer;
2. The type and scope of services available to you, including certain limitations on the specific securities or investment strategies that we can recommend to you;
3. The fees and costs that apply to investments you make with NAS; and
4. The conflicts of interest that are associated with the securities and account recommendations that create an incentive for your financial professional to place their interest ahead of the retail customer’s interest.

1. NAS and Your Financial Professional Act as a Broker-Dealer and an Associated Person of a Broker-Dealer

NAS is an introducing broker-dealer that provides brokerage services to you and other retail customers. Brokerage services include the purchase, sale, holding and exchange of securities. Our brokerage services are non-discretionary, which means that you make the decision regarding whether or not to buy, sell or otherwise transact in your account. As a broker-dealer, we will provide execution services to effect your instructions. In connection with providing these brokerage services to you, NAS and its financial professionals may make recommendations to you that we believe to be in your best interest. These recommendations may include whether to open a certain type of brokerage account with NAS and whether to buy, sell, exchange, or hold a security or a series of securities (i.e. an “investment strategy”) in your brokerage account.

When we make a recommendation to you, we must have a reasonable basis to believe that the recommendation is in your best interest. This means that we are required to place your interests ahead of our own when recommending securities, investment strategies and account types to you. Among other things, we do this by evaluating the conflicts of interest that impact our relationship and eliminating them to the extent we can. Because certain conflicts of interest cannot be eliminated, we have procedures in place to mitigate and disclose them to you.

2. Type and Scope of Services Offered to You

As discussed above, when we provide brokerage services to you, we may make recommendations regarding (i) the type of brokerage account to open with NAS; (ii) whether to buy, sell, hold or exchange certain investments; and (iii) whether to implement certain investment strategies available to you. Each of these types of recommendations are explained in more detail below.

Recommendations Regarding Brokerage Accounts:

NAS offers different types of brokerage accounts with different features and, in certain cases, different costs. Certain brokerage accounts have tax-advantage features that can help you reach specific financial goals such as custodial accounts for minors (*e.g.*, UTMA Accounts) while others have features that permit specific types of investment activity (*e.g.*, Options Accounts). The following table lists the various brokerage accounts offered by NAS to retail investors:

- | | |
|---|---|
| <ul style="list-style-type: none">• Traditional Individual Retirement Accounts (IRAs)• Roth IRAs• Retirement Plan Accounts• Trust Accounts• Individual/Joint Taxable Accounts• Margin Accounts• Option Accounts | <ul style="list-style-type: none">• Uniform Gift to Minors Act (UGMA) Accounts• Uniform Transfer to Minors Act (UTMA) Accounts |
|---|---|

Account Minimums: You are not required to hold a minimum level of assets in your brokerage accounts with NAS.

NAS opens brokerage accounts on your behalf when you complete Hilltop Securities' **New Account Application Form and Account Agreement**, which contains additional important information regarding the nature of each type of brokerage account we offer.

Rollover and Transfers of External Accounts

Your financial professional may recommend that you sell assets held in an account away from NAS and rollover or transfer the proceeds from that sale to one or more NAS accounts. For example, your financial professional may recommend that you liquidate your employee retirement plan (*e.g.*,

a 401(k) plan) and roll over the cash proceeds into a NAS IRA. When we do so, we are required to have a reasonable basis to believe that the rollover or transfer is in your best interest.

Recommendations to Buy, Sell, Hold or Exchange Securities

Brokerage accounts at NAS are “non-discretionary,” which means that you make the ultimate decision whether to buy, hold, sell or exchange investments in your account. Even when we make recommendations regarding the securities in your account, we will not act until you instruct us to do so.

Account Monitoring: In general, while your financial professionals may voluntarily review your account holdings and provide you with an unsolicited recommendation, we will not monitor your account on a regular basis.

Agency vs. Principal Trades: When transactions occur in your account with us, we act as either an *agent* or as *principal*. The capacity in which we are acting will be reflected on your trade confirmation.

- When we engage in an agency trade, we act as an intermediary between you and the buyer of a security when you sell the security, and between you and a seller of the security when you buy a security. NAS does not own or have some other beneficial interest in the securities involved in a sale, purchase, or exchange transaction done on an agency basis. In these circumstances, NAS acts as a broker.
- When we engage in a principal trade, NAS buys or sells for an account in which NAS has a beneficial ownership interest, which in most cases is a proprietary account. In other words, NAS sells to you a security that it holds in its own account or purchases the security from you for purposes of holding the security in its own account. In these circumstances, NAS acts as a principal (also called a dealer).

Recommendations of Investment Strategies

NAS and your financial professional may recommend to you one or more investment strategies. An investment strategy is a series of transactions in securities that are done for the purpose of accomplishing a specific investment or economic outcome such as “income-generating” or “tax-advantaged” or “non-correlating.” A strategy would also include recommendations to you to use a bond investment technique called “laddering,” or a lending strategy called “margin.”

Bases for Our Recommendations and Limitations on Our Recommendations

Before we recommend a transaction, investment strategy or type of brokerage account, we will ask you for certain information regarding you, your financial goals and your investments. We use this

information to form a customer profile that we will rely on to form a reasonable basis to believe our recommendations are in your best interest.

While we offer a range of investments in individual securities (such as common stocks and bonds) and investment companies (such as mutual funds), we do not offer or recommend every investment that could be available to you in the global or U.S. marketplace. Rather, we only offer investments that we have a reasonable basis to believe could be in the best interest of retail investors, given our Firm's investment philosophy and capabilities.

In addition, certain investments, such as municipal bonds and commodities, can only be recommended by financial professionals with specific registration and licensing. Not all of our financial professionals have the appropriate securities licenses from FINRA to make recommendations to buy, sell, or exchange securities or recommend strategies involving all types of securities. Your financial professional will discuss with you and provide you with information about their ability to recommend certain types of investments.

Investment Risks

Even when we have a reasonable basis to believe an investment is in your best interest, you can still lose some or all of your money when investing. No investments are "guaranteed" and you should only invest assets for which you are willing to accept some risk of loss. We cannot guarantee that you will meet your investment goals, or that our recommended investments or investment strategy will perform as anticipated. The risks attendant to any investment or investment strategy vary in both nature and scope, and it is important that you understand the risks of your investments before making a decision. The following are some basic risks involved in a variety of investment types:

- Risk of Principal Loss: The risk that you will lose some or all of the money you invest.
- Volatility: The risk that your investments will fluctuate in value.
- Interest Rate Risk: The risk that the value of your investments may decrease with fluctuations in interest rates.
- Liquidity: The risk that you may not be able to access your invested assets for a certain period of time, and that if you need those assets sooner, you may have to pay a substantial penalty.
- Issuer Credit Risk: The risk that the company that created or issued your investment will not have the ability to pay when your investment is due.

There are other risks associated with investing in securities. You should consult the available offering documents for each security we recommend for information on the specific risks associated with the recommendation. Offering documents include prospectuses, offering memorandums, private placement memorandums, and similar documents. We can provide those documents to you upon request, or help you find them. If offering documents or other written disclosures are not available with regard to a particular security, your financial professional can help explain any potential investment risks to you.

3. Fees and Costs that Apply to Your Transactions, Holdings, and Accounts

The following describes the material fees and costs that you directly or indirectly will pay for brokerage services. These fees and costs are paid to NAS and Hilltop Securities. In turn, a portion of these fees and costs are paid to your financial professional, which we explain below under “Compensation of Your Financial Professional.”

Commissions

When NAS acts as your agent, NAS charges you a commission when NAS executes a purchase, sale or exchange transaction of certain types of securities. A commission is either a flat dollar amount per trade, or a percentage of the total price of the securities involved in the trade. Commissions typically range between 1% - 3% of the total price of the securities. We generally do not charge more than a 3% commission for equity securities and a 3% commission for fixed income products (which includes both fixed income commissions and any “mark-up” or “mark-down” charge). The commission amount is deducted from your account.

Commission amounts can vary depending upon certain factors such as the size of a transaction or the type of securities involved. In addition, your financial professional may have the ability to modify the amount of commissions NAS will charge for a securities transaction within certain parameters. Your financial professional may charge different commissions for different clients for the same transactions involving identical securities. You should discuss with your financial professional the commissions he or she charges, and whether such commissions are negotiable.

Mark-ups and Mark-downs

There are costs associated with transactions in any financial product. When you purchase or sell investments in a principal transaction, the cost of purchasing the investment may include a charge called a “mark-up.” This means that when NAS sells you a security from its inventory, NAS will sell the security to you at a price that is higher than the market price of the security. The difference between the sales price and the market price (or “spread”) is the “mark-up” and is a form of compensation paid to NAS. It’s important for you to understand that the higher the price for your particular investment — including the mark-up — the lower your yield, or return on investment.

On the other hand, if NAS buys a security from you for purposes of taking that security into its own inventory, NAS often will buy the security from you at a price that is lower than the market price. The spread between the purchase price paid to you and the market price is called a “mark-down.” The “mark-down” is not direct compensation. However, NAS may then sell that security to another customer or a third party. If the sales price is higher than the price that NAS purchased the security from you, the difference or spread is compensation paid to NAS.

NAS and your financial professional are responsible for determining the mark-up for the security NAS will sell or buy from you. In the case of a sale of a security to you, the mark-up and commission generally will not be more than 3.5%. However, the spread may vary depending on the security. Your financial professional may quote a different price for different clients for the same transactions. You should discuss with your financial professional the price quoted and whether the price is negotiable.

Mutual Fund-Related Compensation

When you purchase or sell mutual fund shares, you pay compensation to NAS in connection with such purchase and sale transactions. In addition, NAS may also receive compensation from the mutual fund. NAS receives this compensation in exchange for the analysis required to make a recommendation, processing your securities transactions, and performing services on behalf of the fund such as shareholder recordkeeping and distribution of fund-related documents.

Commissions, Loads and Contingent Deferred Sales Charges

With certain exceptions described herein, you will pay a “sales load” in connection with the purchase or sale of your mutual fund shares. A sales load is similar to a commission, and it is expressed as a percentage of the value of your investment in the fund. Therefore, the amount of your investment in a mutual fund is equal to the difference between the investment value per share of the mutual fund (called the “net asset value” or “NAV”) and the total sales charge. The loads that may be charged generally fall within a range of 1% and 5.75%, but will not exceed 8.5%.

Each mutual fund may charge different loads, while some do not charge loads (called “no load” funds). In addition, most mutual funds issue different share classes. The amount of the load or the type of load (front-end load or back-end load) will vary based on the share class you purchase. Depending on the type of mutual fund, you may be charged a load at the time of purchase, time of sale, or a mix of both. A sales load that you pay when you purchase fund shares is called a “front-end load.” A sales load that you pay when you sell your mutual fund shares is a “back-end load,” which is often called a “contingent deferred sales charge” or “CDSC.” The mutual fund often will reduce or eliminate the back-end load/CDSC if you hold your shares for a period of time, *e.g.*, two years.

12b-1 Fees

We may recommend that you purchase mutual funds that pay us a “distribution” or 12b-1 fee for our efforts in selling (i.e. distributing) the mutual fund shares. A 12b-1 fee is a form of indirect compensation paid by all investors in the mutual fund or mutual fund share class. Not all mutual funds pay 12b-1 fees and some mutual funds pay 12b-1 fees only if you purchase certain share classes. The amount of 12b-1 fees paid vary by mutual fund and/or mutual fund family. The 12b-1 fees of the funds recommended by HTS and your financial professional generally range from 0.25% and 0.75% of a fund’s average net assets per year. However, they will never be more than 1% of a fund’s average net assets per year. Other fees, such as sales loads, apply in addition to 12b-1 fees. While these fees are not

paid from your account, they are paid from the mutual fund and as a result reduce the fund's net asset value and thus the value of your investment in the fund.

Other Fees and Costs

Hilltop Securities charges you a number of other fees connected to your account. These fees compensate Hilltop Securities for maintaining your accounts, performing certain transactions involving your account, reporting requests, and other services. These fees are deducted from your account. For example, Hilltop Securities charges an annual fee to maintain IRAs or tax-qualified retirement plan accounts because of the rules to which such accounts are subject under the Internal Revenue Code and the Employee Retirement Income Security Act of 1974. Hilltop Securities may also charge an account termination fee. Furthermore, if you trade securities on margin, which means you borrow money from Hilltop Securities to purchase securities for the purpose of selling those securities at a later date (a "short sale"), you will pay Hilltop Securities interest for the period of time you borrow from Hilltop Securities. This is only a brief description of the other fees and costs that may be charged.

Hilltop Securities provides all of these other fees and costs in **Hilltop Securities's Customer Information Brochure**, which you can see at the following link: <https://www.hilltopsecurities.com/disclosures/customer-information-brochure/>. Your financial professional can also provide you a copy.

Compensation of Your Financial Professional

NAS pays compensation to your financial professional. The amount of that compensation is a percentage of revenue that he or she generates for NAS. The revenue includes the above-discussed commissions, spreads, loads, contingent deferred sales charges, and 12b-1 fees, but does not include the fees paid to Hilltop Securities.

Sales of Insurance

NAS and your financial professional receive commission-based compensation in connection with the sale or renewal of insurance and annuity products. This presents a conflict of interest because our financial professionals who are also licensed as insurance agents may have an incentive to recommend insurance and annuity products to you for the purpose of generating commissions even though an alternative recommendation may be in your interest. If your financial professional recommends these insurance products, he or she will provide you with more specific information regarding the attendant fees and costs associated therewith.

4. Conflicts of Interest

A "conflict of interest" is an incentive or interest that might influence NAS or your financial professional, consciously or unconsciously, to make a recommendation that is not disinterested. At NAS, we have procedures in place to identify, eliminate, and where elimination is not possible, mitigate and disclose all material conflicts of interest associated with the securities we offer and those conflicts that create an incentive for your financial professional to place his or her interest ahead of

yours. In this section, we discuss certain material conflicts that apply to our relationship.

Commissions and Other Transaction-Based Compensation

NAS has an incentive to recommend that you sell, buy, or exchange securities more frequently because doing so increases the transaction-based compensation NAS receives. Additionally, NAS has an incentive to recommend that you engage in transactions involving securities for which it may charge higher commissions (e.g., options) than what may be charged for other securities (e.g., domestic stocks).

Principal Transactions, Mark-ups and Mark-downs

When we act as principal, NAS and your financial professional sell you securities that we hold in a firm account or buy securities from you for our own account. As described earlier in this Brochure, NAS' compensation is a mark-up when it sells you a security in a principal trade. When NAS sells you a security from its own account, it may create incentives for us to generate trading profits or minimize losses, and thus to act against your best interest. Additionally, when NAS holds a security in its own account, it bears the risk of owning that security. Therefore, it has an incentive to recommend that you buy the security, even though buying it may not be in your interest.

Payment for Order Flow

NAS does not receive remuneration in return for directing some customer orders for execution to particular exchanges or market centers. However, NAS does receive rebates or reductions in charges based on providing or taking liquidity, which is a passthrough from various exchanges. This arrangement creates a conflict of interest for NAS to route orders to certain exchanges or market centers in exchange for rebates and reductions in charges. Order routing statistics required under SEC rules are available on our website at <https://www.natalliance.com/disclaimers/#tab-id-5>.

Limitations on Your Financial Professional's Ability to Make Certain Recommendations

Your financial professional can only recommend services and products for which the financial professional is properly licensed. For example, certain of our financial professionals are licensed to provide brokerage services but not insurance services. Additionally, if your financial professional is not licensed to recommend certain types of investments for which additional licensing is required (such as municipal bonds, commodities futures, or off-exchange foreign exchange transactions), he or she cannot recommend those securities or related strategies even if purchasing such securities or taking advantage of such strategies is in your best interest. Accordingly, you should discuss with your financial professional whether he or she is licensed to provide you with the investment advice that is appropriate for your financial needs.

Rollovers, Account Transfers and Similar Transactions

NAS does not permit your financial professional to make recommendations regarding the purchase, sale, or exchange of securities or recommendations regarding investment strategies with regard to securities not held at NAS. Such accounts are called “held away” accounts. In order for NAS and your financial professional to provide brokerage services including such recommendations, NAS and your financial professional have an interest in recommending that you open one or more accounts with NAS, liquidate your holdings at another firm, and move your assets to the NAS account. NAS and your financial professional are incentivized to make such a recommendation even if doing so is contrary to your interest because we only receive compensation for providing brokerage services if the assets are held at NAS. For example, if you have an account in your employer’s retirement plan, NAS and your financial professional have an interest in recommending that you take a distribution from your retirement plan account and rollover the proceeds to an IRA held at NAS. NAS and your financial professional also have an incentive to recommend that you liquidate your brokerage account at another broker-dealer and transfer the proceeds to one or more accounts held at NAS.