

REGULATION BEST INTEREST DISCLOSURE

JUNE 30, 2020

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

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (SEC) as a broker-dealer. We are also a member of FINRA and SIPC. We have an affiliated investment adviser, Carolinas Wealth Consulting LLC ("CWC"), which is registered with the U.S. Securities and Exchange Commission (SEC). Our brokerage services are the primary focus of this guide. For more information on investment advisory services and how they differ from brokerage services, please review the Customer Relationship Summaries (or Form CRS) available at carolinasinvest.com. Our Form CRS contains important information about the types of services we offer along with general information related to compensation, conflicts of interest, and other reportable legal information.

Please carefully review and consider the information in each section below.

BROKERAGE SERVICES

When you establish a brokerage account through us, you have the ability to buy, sell and hold investments within your account. The primary service we provide in our brokerage capacity is making investment recommendations based on your unique needs and providing access to products that meet these needs.

Brokerage Account Types

You have access to many different brokerage account types including individual and joint accounts, custodial accounts, individual retirement accounts, and other types of accounts through our relationships with custodians, investment companies, and insurance carriers. You also have access to a wide variety of products, such as investment company (mutual fund) accounts, qualified tuition plans (such as Section 529 plans), and variable annuity contracts. You should review account agreement(s) for more information concerning available account types or speak with one of our Financial Consultants, who are Registered Representatives of our broker-dealer.

Incidental Brokerage Services, Recommendations and Account Monitoring

Through your relationship with us, you may receive other incidental services such as research reports, recommendations to buy, sell, or hold assets, and performance reporting. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer. When we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is important for you to understand that when our Financial Consultants make a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation. We encourage you to regularly monitor your investments. We do not commit to provide on-going monitoring of your brokerage account.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your investments. This may include but is not limited to educational resources, sales and marketing

materials, performance reports, asset allocation guidance, and/or periodic brokerage account reviews. Such services and information is provided as a courtesy to you rather than as a regulatory requirement.

Understanding Risk

It is important for you to understand that all investment recommendations and activities involve risk, including the risk that you may lose your entire principal. Further, some investments involve more risk than other investments. Higher-risk investments may have the potential for higher returns but also for greater losses. The higher your “risk tolerance,” meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more you may decide to invest in higher-risk investments offering the potential for greater returns. We align risk tolerances with investment needs to offer you different investment objectives from which to choose (see below). You should select the investment objective and risk tolerance best aligned with your brokerage account goals and needs.

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with “Income” investors typically holding the smallest percentage of higher-risk investments, followed by “Growth and Income” investors holding some higher-risk investments, and finally “Growth” investors holding a significant portion of their portfolio in higher-risk investments. Risk tolerance also varies, and we measure it on a continuum that increases from “Conservative” to “Moderate” to “Aggressive.”

| INVESTMENT OBJECTIVE | INVESTMENT OBJECTIVE DESCRIPTION | RISK TOLERANCE | RISK TOLERANCE DEFINITION |
|----------------------------|--|----------------|--|
| Income | Income portfolios emphasize current income with minimal consideration for capital appreciation and usually have less exposure to more volatile growth assets. | Conservative | Conservative Income investors generally assume lower risk but may still experience losses or have lower expected income returns. |
| | | Moderate | Moderate Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns. |
| | | Aggressive | Aggressive Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses. |
| Growth & Income | Growth and Income portfolios emphasize a blend of current income and capital appreciation and usually have some exposure to more volatile growth assets. | Conservative | Conservative Growth and Income investors generally assume a lower amount of risk but may still experience losses or have lower expected returns. |
| | | Moderate | Moderate Growth and Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest returns. |
| | | Aggressive | Aggressive Growth and Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses. |
| Growth | Growth portfolios emphasize capital appreciation with minimal consideration for current income and usually have significant exposure to more volatile growth assets. | Conservative | Conservative Growth investors generally assume a lower amount of risk but may still experience increased losses or have lower expected growth returns. |
| | | Moderate | Moderate Growth investors are willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive higher returns. |
| | | Aggressive | Aggressive Growth investors seek a higher level of returns and are willing to accept a high level of risk that may result in more significant losses. |

Our recommendations are based in part on your risk tolerance and investment objective as outlined above. We encourage you to carefully consider your investment objective and risk tolerance before investing.

Account Minimums and Activity Requirements

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types of brokerage accounts have other requirements, such as minimum initial investments for certain investment company products (e.g., mutual funds and variable annuities), and on-going balance requirements, that must be maintained. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account.

You should also understand that our Financial Consultants may establish their own minimum account balance requirements for the brokerage accounts they service. For example, a dedicated Financial Consultant may choose to service only those brokerage account clients who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you orally by your Financial Consultant.

BROKERAGE FEES AND OUR COMPENSATION

It is important to consider that while a brokerage relationship can be a cost-effective way of investing your assets, it is not for everyone given the fees and costs involved.

Transaction-Based Fees

You will pay transaction-based fees for trades you decide to enter into, such as mutual funds in a 529 Plan or other direct account, and annuity contracts. These transaction-based fees are generally referred to as a "commission," "sales load," "up-front sales charge" or "deferred sales charge." Transaction-based fees are based on a host of factors, including, but not limited to:

- Underlying product selection
- Brokerage service model and account type
- Size of the transaction and/or overall value of the account
- Frequency of trade activity
- Available discounts, breakpoints, and/or fee waivers

Account and Service Fees

You may pay fees for various operational services provided to you through your brokerage account, such as annual account fees, transfer fees, or wire fees. These fees are communicated to you by the custodian or investment company through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions.

You should understand that based on the brokerage account or product you choose, the same or similar products, accounts and services may vary in the fees and costs charged to you.

How We Are Compensated

We receive direct and indirect compensation in connection with your accounts. Direct compensation is taken directly from the affected account. Indirect compensation is compensation paid in ways other than directly from the account and may impact the value of the associated investments in your account. The sections below describe the compensation that we receive in connection with various investments that may be available to you. In many cases, the descriptions that follow refer to a prospectus or offering documents.

Mutual Funds and 529 Accounts

We currently offer thousands of mutual funds through traditional accounts and through 529 accounts varying in share class structure and investment style. If you invest in mutual funds, we may receive direct and indirect compensation in connection with such mutual fund investments, as described below. The amount of fees, including any ticket fee, front-end sales charge, and/or contingent deferred sales charge can be found in the mutual fund prospectus and

direct fees will be disclosed on the trade confirmation. The fees and costs of mutual funds vary depending on the fund family and share class. Below is a summary of these costs.

12b-1/Shareholder Service Fees

Annual 12b-1 fees, also known as trails, are paid by the fund and paid to us out of fund assets under a distribution and servicing arrangement to cover distribution expenses and sometimes shareholder service expenses that we may provide on the fund's behalf. Shareholder servicing fees are paid to respond to investor inquiries and provide investors with information about their investments. These fees are asset-based fees charged by the fund family. These fees range from 0.00% to 1.00%, depending on share class and are set by the fund. 12b-1 fees may be passed on to us and may in turn be passed on to your Financial Consultant as a commission; however other operating expenses of the fund are not paid to us. 12b-1 fees are typically charged on Class A, Class B and Class C shares and may be charged on other share classes.

Front-end Sales Charge Fees/Contingent Deferred Sales Charges (CDSC)

Front-end sales charge fees may be charged and paid to us, including your Financial Consultant, when you purchase a fund. The front-end sales charge is a direct fee and is deducted from the initial investment on certain share classes. This charge normally ranges from 0.00% to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts based on the amount of transaction and rights of accumulation. In addition, some purchases may qualify for a sales charge waiver based on the type of account, and/or certain qualifications within the account. You should contact your Financial Consultant or consult the mutual fund prospectus if you believe you are eligible for sales charge waivers. Front-end Sales Charges are typically charged on Class A shares and may be charged on other share classes.

CDSC is a direct charge you pay upon withdrawal of money from a fund prior to the end of the fund's CDSC period. CDSC charges range from 0.00% to 5.50%. CDSC periods can range from zero to seven years. This charge typically exists only on share classes that do not have a front-end sales charge. It is sometimes referred to as the back-end load. CDSCs are not charged when you purchase a fund. The fee charged will depend on the share class purchased by the investor. A CDSC is not passed on to your Financial Consultant. You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the fund's prospectus. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund. CDSC fees are typically charged on Class B shares with a seven-year CDSC period; and on Class C shares with a one-year CDSC period and may be charged on other share classes.

Different fund families offer different share classes, which is why it is important to review the fund prospectus, which outlines the differences between the share classes available for the respective fund family. The specific breakpoint schedules, front end sales charge, CDSC fee/CDSC period, 12b-1 fee and other operating expenses will be disclosed in the prospectus. You can also find a description of any fees or costs, including the payment frequency in the fund's prospectus. In addition, your Financial Consultant can explain the different share class options available, and how the available share classes differ. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund.

Annuities

Our annuities consist of fixed, index, and variable annuities. Under arrangements with insurance companies, we, including your Financial Consultant, receive commissions from the insurance companies for the sale of annuities, as well as trail commissions, and they are considered indirect compensation. Commissions and trails paid to us vary by product type and may vary by insurance carrier. It is important to talk to your Financial Consultant about whether an annuity is suitable for you, the types of features available and any additional costs for those features, and the ways in which we are paid before entering into an annuity contract.

Specific information about an annuity will be provided to you ahead of making any investment decision.

Training and Education

We work closely with many product and service providers who provide training and education for our Financial Consultants. These meetings or events are held to educate Financial Consultants on product characteristics, business building ideas, successful sales techniques, suitability as well as various other topics. In addition, certain vendors provide free or discounted research or other vendor products and services, which can assist our Financial Consultants with providing services.

From time to time, product providers will reimburse us for expenses incurred by us in connection with conducting training and educational meetings, conferences, or seminars for Financial Consultants and participants. Also, Financial Consultants may receive promotional items, meals or entertainment or other non-cash compensation from product providers. Any such non-cash compensation is disclosed to the compliance officer and must be in line with commonly accepted practices.

Compensation for Termination of Services

The firm does not receive any additional compensation in connection with the termination of its services, however, you may be charged fees by the investment company or insurance carrier when you sell a mutual fund or cancel an annuity. For more information regarding these charges please refer to the fund prospectus or your annuity contract.

CONFLICTS OF INTEREST

Conflicts of interest may exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially adverse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our Financial Consultants, our clients and third parties. We offer a broad range of investment services and products and we receive various forms of compensation from our clients, non-affiliated product providers, and other third parties as described above. Securities rules allow for us and our Financial Consultants to earn compensation when we provide brokerage services to you. However, the compensation that we and our Financial Consultants receive from you varies based upon the product or service you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation to us.

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship. In addition to this disclosure, conflicts of interest are disclosed to you in your account agreement(s) and disclosure documents, and other information we make available to you.

COMPENSATION WE RECEIVE FROM CLIENTS

Transaction-based conflicts

You will pay certain fees (commissions and sales charges) in connection with the buying and selling of each investment product, including mutual funds and variable annuities. Where these fees apply, there may be an incentive to recommend that you purchase investment products or mutual fund share classes that carry higher fees. You should speak to your Financial Consultant about all the suitable products available to you and the benefits of each one taking into account the amount you will be charged.

Fee-based conflicts

You may be eligible to open an advisory account through our affiliated investment adviser, CWC. Your Financial Consultant receives compensation for brokerage accounts through sales charges, 12b-1 fees and commissions as described above. In contrast, when you open an advisory account through CWC, your Financial Consultant receives recurring fee-based compensation. Where the recurring advisory fees may exceed the sales charges and 12b-1 fees for investment products, there is a conflict to recommend a fee-based account. It is important that you discuss your unique needs and goals with your Financial Consultant to determine the type of account best suited to you.

Compensation We Receive from Third Parties

Third-party payments we receive may be based on new sales of investment products, creating an incentive for us to recommend you buy and sell, rather than hold, investments. In other cases, these payments are made on an ongoing basis as a percentage of invested assets, creating an incentive for us to recommend that you buy and hold investments (or continue to invest through a third-party manager or adviser).

The total amount of payments we receive varies from product to product and varies with respect to the third-party investment management products we recommend. It also varies from the compensation we receive in connection with other products and services we may make available to you. We have an incentive to recommend investment products and services that generate greater payments to us. This compensation generally represents an expense embedded in the investment products and services that is borne by investors, even where it is not paid by the Product Sponsor and not directly from the investment product or other fees you pay. The types of third-party compensation we receive includes trail compensation. Ongoing compensation from Product Sponsors may be received by us and shared with our Financial Consultants. This compensation (commonly known as trails, service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product. We have an incentive to recommend that you purchase and hold interests in products that pay us higher trails.

We review account applications and trading activity and seek to recommend the share class that is in the best interest of the client based on anticipated holding periods and share class availability.

Additional Compensation from Product Sponsors and Other Third Parties

We and our Financial Consultants, associates, employees, and agents receive additional compensation from Product Sponsors and other third parties including:

- Gifts and awards, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives, including services for identifying prospective clients.
- Payment or reimbursement for the costs associated with education or training events that are attended by our employees, agents, and Financial Consultants, and for conferences and events that we sponsor.
- Reimbursement from Product Sponsors for research and technology-related costs, such as those to build systems, tools, and new features to aid in servicing clients.

Note that the amounts of these payments is not dependent on or related to the level of assets you or any other of our clients invest in or with the Product Sponsor.

Product Share Classes

Some Product Sponsors offer multiple structures of the same product (e.g., mutual fund share classes) with each option having a unique expense structure, and some having lower costs to you as compared to others. We are incentivized to make available those share classes or other product structures that will generate the highest compensation to us. We

review account applications and trading activity and seek to recommend the share class that is in the best interest of the client based on anticipated holding periods and share class availability.

Compensation Received by Financial Consultants

Financial Consultants are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients, including brokerage account activity. This compensation may vary by the product or service associated with a brokerage recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or trail payments. Thus, Financial Consultants are incentivized to recommend products that have higher fees as well as those with on-going payments.

Financial Consultants have an incentive to recommend you rollover assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA) because of the compensation they will receive. We maintain policies and procedures designed to ensure that rollover recommendations are in your best interest. Your Financial Consultant will review a suitability and disclosure form with you when discussing the merits of any rollover recommendation.

Brokerage accounts, unlike advisory accounts, do not feature an on-going fee based on assets under management. This may lead to a conflict of interest for Financial Consultants to recommend you transition your brokerage services account to an advisory account with our affiliate, CWC, to generate on-going revenue where your brokerage account has minimal activity, or after you have already placed purchases resulting in commissions and/or other transaction-based brokerage fees. Financial Consultants also have an incentive to provide higher levels of service to those clients who generate the most fees. We have controls established to identify and mitigate this risk.

Noncash compensation is provided to Financial Consultants in the form of credits toward business expense accounts. Financial Consultants are also compensated in the form of educational meetings and trips for industry forums. Portions of these programs are subsidized by external vendors and affiliates, such as mutual fund companies, insurance carriers, or money managers. Consequently, product providers that sponsor and/or participate in subsidies gain opportunities to build relations with Financial Consultants, which could lead to sales of such product provider's products. Financial Consultants also receive promotional items, meals, entertainment, and other noncash compensation from product providers up to \$100 per year for gifts per vendor.

Compensation Received from Other Activities

Some of our Financial Consultants are also licensed as insurance agents, offering Life, Health, Long-Term Care, and other insurance products. This poses a conflict of interest to the extent that there is a financial incentive to recommend insurance products that result in commissions, trails, or other payments. You are under no obligation to use our insurance services and where these products may be recommended to you, you may use an insurance brokerage firm and agent of your choosing.

ADDITIONAL RESOURCES

Additional Resources, including Form CRS and legal disclosures, can be found on our website at carolinasinvest.com. In addition, you can visit Investor.gov/CRS for a free and simple search tool to research us and our Financial Consultants. You can also call your Financial Consultant at 704.643.2455 to request up-to-date disclosure information or to ask any questions you have about this brochure or brokerage services offered.