



CONTINENTAL INVESTORS SERVICES, INC.
BROKERAGE SERVICES DISCLOSURE BROCHURE

Continental Investors Services, Inc. (“CIS” or the “Firm”) is a dually-registered financial services firm, which means that CIS is registered as both a broker-dealer and an investment advisor with the United States Securities and Exchange Commission (“SEC”) pursuant to the Securities Exchange Act of 1934 and the Investment advisors Act of 1940. As a broker-dealer, CIS is also a member of the Financial Industry Regulatory Authority (“FINRA”), the Securities Investor Protection Corporation, the New York Stock Exchange and the National Futures Association. When you work with CIS and our financial professionals, it is important for you to understand whether we are servicing you as a broker-dealer or an investment adviser because different costs, conflicts of interest and other considerations can apply to our relationship. **Accordingly, unless otherwise stated, CIS and your financial professional are acting in a brokerage capacity and not as an investment adviser when servicing your account.** References in this brochure to “us” or “we” refer to CIS 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 CIS Customer Relationship Summary or “Form CRS.” A copy of the CIS Form CRS, as well as our Form which contains information about our investment advisory services, is available at <https://cisinvest.com>

In this brochure, we explain the following:

1. CIS 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 recommended to you;
3. the fees and costs that apply to investments you make with CIS ; 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. CIS and Your Financial Professional Act as a Broker-Dealer and an Associated Person of a Broker-Dealer

CIS is a full-service broker-dealer that provides brokerage services to you and other retail customers. Brokerage services include the purchase, sale, holding and exchange of securities. In general, 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, clearing and custody services though Hilltop Securities, Inc. to effect your instructions. In connection with providing these brokerage services to you, CIS 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 CIS 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 CIS; (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:

CIS 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 saving for education (e.g. 529 Plan Accounts) or health care (e.g. Health Savings Accounts). The following table lists the various brokerage accounts offered by CIS to retail investors:

<ul style="list-style-type: none"> • Traditional Individual Retirement Accounts (IRAs) • Roth IRAs • Retirement Plan Accounts • 529 Plan Accounts • Coverdell Education Savings Accounts • Health Savings Accounts 	<ul style="list-style-type: none"> • Uniform Gift to Minors Act (UGMA) Accounts • Uniform Transfer to Minors Act (UTMA) Accounts • Trust Accounts • Individual Taxable Accounts • Margin Accounts
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Account Minimums: You are not required to hold a minimum level of assets in your brokerage accounts with CIS. If an account has a total value (exclusive of any margin debt balance) of less than \$25,000 or does not have a billable securities transaction each year, there may be an annual holding and reporting fee assessed by our clearing firm, Hilltop Securities, Inc.

CIS opens brokerage accounts on your behalf when you complete CIS’s **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 CIS and rollover or transfer the proceeds from that sale to one or more CIS 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 CIS 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

In general, brokerage accounts 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 a solicited 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. CIS 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, CIS acts as a broker.
- When we engage in a principal trade, CIS buys or sells for an account in which CIS has a beneficial ownership interest, which in most cases is a proprietary account. In other words, CIS 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, CIS acts as a principal (also called a dealer).

Recommendations of Investment Strategies

CIS 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 outcomes 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.” Your financial professional may also recommend the use of a 3rd party investment manager as part of his or her investment strategy recommendation.

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 broad 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.

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 basis risks involved in a variety of investment types:

- **Risk of Principal Loss**: The risk that you could 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 CIS. 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 CIS acts as your agent, CIS charges you a commission when CIS 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% and 3% of the total price of the securities. We generally do not charge more than a 1% commission for equity securities or more than a 3.5% “mark-up” or “mark-down” for bonds. The commission amount is deducted from your transaction at the time of a trade. In general, there is a minimum commission of \$35 you will pay for any transaction.

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 CIS 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. Additional information regarding commissions is available in our clearing firm's (Hilltop Securities Inc.) Customer Information Brochure, available at: <https://www.hilltopsecurities.com/media/1289/HTS-Customer-Information-Brochure.pdf>

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 CIS sells you a security from its inventory, CIS 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 CIS. 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 CIS buys a security from you for purposes of taking that security into its own inventory, CIS 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, CIS may then sell that security to another customer or a third party. If the sales price is higher than the price that CIS purchased the security from you, the difference or spread is compensation paid to CIS.

Mutual Fund-Related Compensation

When you purchase or sell mutual fund shares, you pay compensation to CIS in connection with such purchase and sale transactions. In addition, CIS may also receive compensation from the mutual fund. CIS 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 CIS and your financial professional generally range from 0.25% and 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.

Sub-transfer Agent and Shareholder Servicing Fees

Mutual funds often pay us other fees, called sub-transfer agent fees and shareholder servicing fees, in exchange for providing certain shareholder services on behalf of the funds, such as accounting and recordkeeping services. These fees are a percentage of the fund’s average net assets per year and the percentage paid to CIS generally ranges up to 0.35%, though that number can be higher or lower. The fees are not paid from your account, but are paid from the mutual fund. As a result, the fees reduce the fund’s net asset value and thus the value of an investment in the fund. Therefore, these fees are a form of indirect compensation paid by all investors in the mutual fund. Generally, whether CIS receives these fees is not dependent on the share class in which you invest.

As discussed, the fees and costs connected to your purchase and sale of mutual fund shares vary by fund and fund share class. You may not be eligible to purchase all share classes. For example, some share classes are only available to institutional investors or certain retirement plans. You can learn more about these fees by reviewing the mutual funds’ prospectuses, which your financial professional can make available to you upon request.

Distribution Fees and Credit Interest

When you open an account, our financial professionals may recommend you “sweep” funds that are not invested into cash products or money market funds. Certain money market funds pay us a distribution fee that increases when more of our clients’ funds are invested in the money market fund. As a result, we have an incentive to recommend only those money market funds that pay us distribution fees over those that do not, although our financial professionals do not share in those fees. In addition, when you select a cash sweep option instead of a money market fund, we are eligible to receive credit interest on that cash investment.

Other Fees and Costs

CIS charges you a number of other fees connected to your account. These fees compensate CIS for maintaining your accounts, performing certain transactions involving your account, reporting requests, and other services. These fees are deducted from your account. For example, CIS, through Hilltop Securities, Inc. (HTS) 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. CIS (through HTS) may also charge an account termination fee. Furthermore, if you

trade securities on margin, which means you borrow money from CIS to purchase securities for the purpose of selling those securities at a later date (a “short sale”), you will pay CIS interest for the period of time you borrow from CIS. This is only a brief description of the other fees and costs that may be charged. CIS (through HTS) provides all of these other fees and costs in **HTS’s Customer Information Brochure**, which you can see at the following link: <https://www.hilltopsecurities.com/media/1289/HTS-Customer-Information-Brochure.pdf> Your financial professional can also provide you a copy.

Compensation of Your Financial Professional

CIS pays compensation to your financial professional. The amount of that compensation is a percentage of revenue that he or she generates for CIS. The revenue includes the above-discussed commissions, spreads, loads, contingent deferred sales charges, and 12b-1 fees.

To the extent your financial professional is “dually registered” as a broker and an investment adviser, he or she may also receive revenue in connection with the sale of advisory products and services not discussed in this Brochure.

Sales of Insurance

CIS 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 CIS or your financial professional, consciously or subconsciously, to make a recommendation that is not in the customer’s best interest. At CIS, 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

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

Principal Transactions, Mark-ups and Mark-downs

When we act as principal, CIS and your financial professional sell you securities that we hold in a firm account or buy securities from you for our proprietary account. As described earlier in this Brochure, CIS’s

compensation is a mark-up when it sells you a security in a principal trade. When CIS sells you a security, it has an incentive to recommend that you buy the security at a price higher than what CIS might receive from a person who is not a client of the firm or who may have more investment experience. Additionally, when CIS holds a security in its proprietary account, it bears the market risk of owning that security. When CIS purchases a security from you, it has an incentive to recommend that you sell the security at a price lower than what CIS might receive from a person who is not a client of the firm or who may have more investment experience. Additionally, CIS may recommend that you purchase the security because it believes that it may sell the security at a higher price to you rather than another customer or a person who is not a customer of the firm.

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 investment advisory 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, 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

Generally, CIS 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 CIS. Such accounts are called "held away" accounts. In order for CIS and your financial professional to provide brokerage services including such recommendations, CIS and your financial professional have an interest in recommending that you open one or more accounts with CIS, liquidate your holdings at another firm, and move your assets to the CIS account. CIS 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 by CIS. For example, if you have an account in your employer's retirement plan, CIS 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 CIS. CIS 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 CIS.