



## Regulation Best Interest Disclosure

This document summarizes information concerning the brokerage/investment services we offer and the material conflicts of interest that exist as we provide these services to you. Although we also provide investment advisory services, the focus of this disclosure is brokerage/investment services. Details regarding investment advisory services can be found at <https://harbourinv.com/clients/disclosures/> in our Investment Advisory and Wrap Fee Program Brochures.

We offer brokerage/investment services including the purchase and sale of investments such as mutual funds, stocks, bonds, variable annuities, and exchange traded funds to retail clients. In your brokerage/investment account you pay certain fees (commissions, sales charges and ticket charges) in connection with the buying and selling of each investment product. Harbour receives compensation from the assessment of these fees. This is a conflict of interest which incentivizes Harbour to recommend products and services that may carry higher fees and to trade more frequently, since this enhances the compensation Harbour receives. Ticket charges vary as each registered representative sets their own schedule. Generally, ticket charges range from about \$50 to 2% of the transaction amount. Commissions and sales charges vary depending on the product and some products such as variable annuities have commission built into the purchase amount. Mutual funds sales charges typically range from 1%-5.75% with possibilities for a sales charge deduction based on the amount of assets in your account. The product prospectus for mutual funds and variable annuities contains all information regarding the product.

Some products have ongoing fees that are built into the product and are paid indirectly by you including marketing and distribution fees. These fees are based on the value of the account and you should consult the product prospectus for full explanation of these fees. You may also pay custodian fees, account maintenance fees, transaction fees, deferred sales charges, exchange fees, SEC fees or other fees directly from your account that are separate from fees paid to Harbour and your registered representative. These fees vary by custodian and will fluctuate based on account size, trading activity and holdings.

Ongoing compensation known as trail commission or 12b-1 fees may be received by us and 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 with variable annuities having options for trail commissions. Harbour receives 12b-1 fees from certain mutual fund companies as described in

the fund's prospectus. 12b-1 fees typically are expenses of the mutual fund which reduce the overall return a client may receive on a mutual fund investment. The receipt of such fees by Harbour and registered representatives results in a conflict of interest for Harbour and its registered representatives since there is an incentive to recommend funds with 12b-1 fees over funds that have lower fees.

Some Product Sponsors offer multiple structures of the same product such as mutual fund share classes, with each option having a unique expense structure, and some having lower costs to you as compared to others. We may be incentivized to make available those share classes or other product structures that could generate higher compensation to us.

Conflicts of interest may exist when we provide brokerage/investment services to you. The mere presence of a conflict of interest does not imply that harm to your interests will occur. We offer a broad range of investment services and products and we receive various forms of compensation from our clients. However, the compensation that we and our registered representatives receive from you varies based upon the product or service you purchase, which may create 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 brokerage recommendations to you.

Harbour receives additional compensation based on a fixed amount, flat fee, a formula based on assets under management, or expense reimbursements ("Additional Compensation") from certain product sponsors who are considered "participating sponsors". These payments are paid to Harbour out of the revenues of the sponsoring investment company, registered investment adviser, insurance or financial company and are NOT paid out of client assets. Harbour uses this Additional Compensation to assist in training, education, and marketing services. Our 2023 participating sponsors include Advisors Excel, AEI, Allianz Life, American Funds, Bluerock Capital, Capital Square, CIM Group, CION, Equitable, First Trust, Hines, Inland, Inspired Healthcare, Jackson National, Lincoln Financial, Nationwide, Pacer ETF, Pacific Life, Prudential, Q3 Asset Management, Sammons, US Energy, and Voya Financial. The participating sponsors' additional compensation paid to Harbour ranged from \$500.00 to \$56,010.32. In return for this Additional Compensation, Harbour's Participating Sponsors have greater access to our registered representatives for product training and other educational presentations and information so they can better serve investors. This creates a conflict of interest for Harbour and its registered representatives since it may incentivize them to focus on these sponsors when recommending products to clients instead of similar products from non-sponsors that have more limited access. Clients are advised of this conflict and are informed that they are not required to purchase any product from a participating sponsor who pays Harbour additional compensation. When making a recommendation, if Harbour receives such additional compensation, it will disclose this fact to the client at the time the recommendation is made.

Some insurance companies pay periodic bonus payments to the representative or adviser which creates a conflict or potential conflict which could influence the representative or adviser to

recommend the insurance company's product now and/or in the future. The client is free to choose a different product which does not make such payments.

Harbour also sponsors certain reward/incentive programs to its registered representatives. Approximately 40% of producing representatives receive recognition and some form of monetary benefit based on the representative total revenue and production each year. This benefit includes free hotel rooms and special dinner at annual Harbour conference, a gift valued at approximately \$100, an award and monetary credit toward an annual trip Harbour offers its representatives. Receipt of these benefits is a conflict of interest since it incentivizes representatives to generate revenue and, under some circumstances, impacts a recommendation to a client made by a representative. Clients are advised of this conflict and are free to deal with representatives who do not participate in these programs.

Additional Compensation for Expense Reimbursement - Harbour representatives receive expense reimbursement from entities which include but are not limited to product sponsors. Typically, this may include reimbursement for the costs of seminars, client get togethers, meals, travel, lodging and other expense reimbursement. These reimbursements do not impact client funds or performance since they are not paid directly or indirectly from client assets. Nonetheless, the receipt of expense reimbursement creates a conflict of interest for registered representatives receiving it, since it may cause representatives to favor recommendations of entities and products of reimbursing entities over those entities not providing such reimbursement. Representatives will advise clients as part of any recommendation whether they receive such expense reimbursement. Clients are free at all times upon disclosure to select products and services from entities not providing registered representatives expense reimbursement.

Typically, a registered representative's payout schedule increases with production and asset levels. As a result, registered representatives have an incentive to provide brokerage/investment recommendations that result in selling more investment products and services. Registered representatives may be motivated to place trades ahead of clients in order to receive more favorable prices than their clients. Harbour has procedures in place to address these conflicts.

I understand and acknowledge I have received and reviewed the above disclosure regarding Regulation Best Interest.

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Client Signature

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Date

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Client Signature

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Date