

Equity Services, Inc. ("ESI") is registered as both a broker-dealer and an investment adviser. ESI believes that it is important for our registered representatives to have a wide selection of investment products available to help meet the financial needs of our customers. Our goal is to provide you with quality products and services without regard to what type of account you have opened.

ESI has selected a group of mutual fund, unit investment trust, variable annuity, investment adviser, real estate investment trust and retirement services platform providers that the firm believes have met high industry standards for long-term performance, superior field support, and reliable back-office support. This group of companies has greater access to our representatives to provide training and other educational opportunities to help serve our customers better. This program is called the Strategic Partners Program ("Program") and it includes unaffiliated product sponsors.

### **Broker-Dealer Strategic Partners**

The following mutual fund/unit investment trust offerors participate in the Strategic Partners Program: BlackRock Funds, PIMCO Investment Management, and Touchstone Advisors. The following variable annuity offerors participate in the Program: Allianz, Brighthouse, Corebridge, Equitable, Jackson National, Lincoln National, Nationwide, Pacific Life, Prudential, and Transamerica. The following indexed annuity offerors participate in the Program: Allianz, American National Life, Lincoln National, North American, One America, The Standard, and US Life Insurance Company. The following real estate investment trust program offerors participate in the Program: RREEF Property Trust, Inc.

These partners make additional payments (referred to as "marketing support" or "revenue sharing") to ESI to participate in this program. These payments are used by ESI as general financial support to offset the costs of product management support. Marketing support payments are made to ESI in addition to commissions, annual service fees, and other fees and expenses disclosed in the product prospectus and are paid out of the sponsor or affiliate's assets, not from the fund or product assets.

It is important to understand that these payments are made to ESI and are not directly shared with any representative who sells these products. Depending on the product sponsor, these payments can be a percentage of gross sales, a flat annual amount, or a combination of the two. These payments create a conflict of interest in the form of an additional financial benefit to ESI in connection with the sale of products from these Strategic Partners.

ESI receives marketing support payments in connection with the sale and retention of mutual funds from Touchstone Advisors ("Distributor"), with the following exceptions: ESI does not receive marketing support payments on Class I or R6 shares in Touchstone funds, nor for assets in Touchstone Ultra Short Duration fund. For all other Touchstone funds and share classes, Distributor pays ESI 15 basis points (0.15%) of the gross amount of sales, and 5 basis points (0.05%) on the average daily balance of assets. For example, on a \$10,000 transaction with Touchstone, ESI receives a one-time payment of \$15, and a \$5 annual payment for the period during which the assets remain at the company.

BlackRock Funds and PIMCO pay ESI 3 basis points (0.03%) of total sales of their respective interval funds sold through ESI. For example, a \$10,000 transaction in a BlackRock or PIMCO interval fund will result in \$3 of revenue to ESI.

PIMCO pays ESI 3 basis points (0.03%) of total sales of its interval funds sold through ESI. For example, a \$10,000 transaction in a PIMCO interval fund will result in \$3 of revenue to ESI.

Revenue sharing agreements with variable annuity offerors, with exception of Jackson National and the Brighthouse Financial Series variable annuity (discussed below), pay 25 basis points (0.25%) of the gross amount of your purchase. For example, on a \$10,000 transaction with a participating company, ESI receives \$25 for marketing support.

Jackson National and the Brighthouse Financial Series variable annuity pays ESI 20 basis points (0.20%) of the gross amount of the sale. For example, on a \$10,000 transaction in a Jackson National variable annuity contract through ESI, ESI receives \$20 for marketing support.

Indexed annuity carriers (with the exception of One America and US Life Insurance, as described below) do not pay additional compensation in the form of revenue sharing, but ESI retains 25, 50 or 100 basis points (0.25%, 0.50% or 1.00%) of the gross concession paid on each product. Therefore, if, for example, a carrier pays a 7% commission on \$10,000 invested in an indexed annuity, ESI would retain \$20, \$50 or \$100 (based on the product sold), and the representative would receive a percentage (typically ranging from 50%-85%) of the balance of the commission received from the carrier. This practice is commonly referred to as a "haircut" on the gross concession. Indexed annuity sales represent the only product on which ESI retains a haircut.

One America differs from ESI's other indexed annuity provider relationships in that it pays ESI 75 basis points (0.75%), based on the gross amount of your purchase.

US Life Insurance pays ESI 25 basis points (0.25%) on the gross purchase amount of its 5-year Power Index Premier product, and 50 basis points (0.50%) on the gross purchase amount of its 7-year Power Index Premier product. These are the only US Life Insurance indexed annuity products offered through ESI.

Revenue sharing agreements with the direct participation program offeror (RREEF) provide ESI 50 basis points (0.50%) of the gross amount of the sale. For example, on a 100,000 transaction with a participating company, ESI would receive a one-time payment of \$500.

These payments create a conflict of interest in the form of an additional financial benefit to ESI in connection with the sale of products from these sponsors.

### **Investment Adviser Strategic Partners**

The following investment adviser firms participate in the Strategic Partners Program: Freedom Advisors (formerly 3D/L Asset Management), AssetMark, Brinker Capital, Inc., Envestnet Portfolio Solutions, Maple Capital Management, and Touchstone Advisors.

## **Important Information About Revenue Sharing Agreements - Continued**

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These partners make additional payments to ESI to participate in this program. These payments are made to ESI in addition to annual service fees, and other fees and expenses disclosed in the adviser's Form ADV Part 2A and Form ADV Part 2A-Appendix 1, and are paid out of the adviser or affiliate's assets, not from the account assets.

It is important to understand that these payments are made to ESI and are not directly shared with any investment adviser representative who sells these products. Such payments are generally based on the average assets under management. In some instances, payments consist of a set amount paid, such as in sponsorship of ESI-related training and/or marketing events. These payments create a conflict of interest in the form of an additional financial benefit to ESI in connection with the sale of products from these Strategic Partners.

Revenue sharing agreements with registered investment adviser firms pay ESI 5 basis points (0.05%) of the average assets under management. For example, on a \$10,000 transaction with a participating company, ESI receives an annual payment of \$5 for the period during which the assets remain at that company. These payments create a conflict of interest in the form of an additional financial benefit to ESI in connection with the sale of products from these sponsors.

### **Other Revenue Sharing Arrangement**

In addition to the above Strategic Partners arrangements, ESI is also an affiliate of National Life Insurance Company ("National Life"). ESI is also an affiliate of Life of the Southwest ("LSW"), which is an underwriter of indexed annuity products. LSW pays ESI 50 basis points (0.50%) for products with a surrender schedule greater than 7 years or 25 basis points (0.25%) for products with a surrender schedule of 7 years or less, based on your purchase amount.

In general, ESI pays a higher rate of commissions to its representatives on National Life and LSW products. Additionally, National Life, LSW and/or ESI pay bonuses, employee-type benefits, and other compensation to ESI representatives for sales of National Life and LSW fixed and/or variable products, but these allocations are partially offset based on the sale of proprietary National Life and/or LSW products. Additionally, ESI receives revenue share from National Life from additional deposits into existing SAVA 5 variable annuity contracts.

National Financial Services, LLC ("NFS") offers a "No Transaction Fee" list of mutual funds, under which mutual fund offerors pay a participation fee to NFS. NFS shares a portion of this participation fee with ESI. This fee is not directly shared with any representative who sells these products.

Certain funds available in the ESI Illuminations program pay additional compensation to ESI, such as 12b-1 (trail) fees. Other funds available in the ESI Illuminations program do not pay ESI 12b-1 fees. This creates a conflict of interest, because it creates a financial incentive, specifically the receipt of additional compensation, for ESI to recommend mutual funds with greater expenses.

To mitigate this conflict, 12b-1 fees paid from accounts in the ESI Illuminations program (including its Third-Party Strategists, Separately Managed Accounts, Unified Managed Accounts, and Advisor-as-Portfolio Manager programs) are credited back to the customer by the custodian (i.e. NFS). Therefore, ESI no longer receives 12b-1 revenue from accounts in these programs.

ESI also pays the transaction cost for certain purchases, redemptions, and exchanges of Touchstone mutual fund shares, when executed through NFS.

These payments create a conflict of interest in the form of an additional financial benefit to ESI and its representatives, as described above, in connection with the sale of products from these sponsors.

### **Marketing and Sales Support**

In addition to the revenue sharing payments described above, certain product sponsors may make other payments to ESI intended to reimburse the firm's representatives for marketing expenses, such as client seminars, marketing materials, etc. Marketing reimbursements from broker/dealer sponsors are directed to ESI and subsequently paid by ESI to its representatives. Certain product sponsors and investment advisers may incur expense and/or provide reimbursement for educational and training programs.

For broker/dealer product sponsors, these marketing support, educational and training program payments are paid out of the sponsor or affiliate's assets, not from the fund or product assets, and are in addition to the sales charges, 12b-1 fees, and other fees and expenses disclosed in the prospectus and/or statement of additional information, each of which are available on request from the sponsor. For investment adviser firms, training and education expenses and reimbursements are paid out of the adviser or affiliate's assets, not from the account assets, and are made to ESI in addition to annual service fees, and other fees and expenses disclosed in the adviser's Form ADV Part 2A and Form ADV Part 2A-Appendix 1, which are available on request from the investment adviser firm.

In calendar year 2023, payments were made by the following companies and/or their affiliates: Alliance Bernstein, Allianz, AssetMark, Brighthouse, Equitable, Fidelity, Jackson National, Lincoln Financial, Nationwide, and Prudential.

### **Other Arrangements**

National Life and ESI contribute payments to cash and non-cash incentives for ESI registered representatives which are based on sales of mutual funds, variable insurance contracts, other securities products, and investment advisory services. Examples of non-cash compensation include: (1) the sponsorship of educational programs; (2) sales contest and/or promotions in which participants receive prizes such as travel, merchandise, hardware and/or software; (3) paying for occasional meals, lodging and/or entertainment; (4) making cash payments in lieu of business expense reimbursements and/or; (5) making loans and forgiving such loans.

ESI's field recognition program provides opportunities for representatives to attend training and recognition events. Qualification criteria for attendance at training and recognition events exclude sales related to ERISA-covered accounts and (in accordance with Massachusetts' Fiduciary Rule) variable insurance product sales to residents of Massachusetts, and those by Massachusetts-based representatives. All of these programs are designed to encourage ESI's representatives to sell products through ESI. If you want more information about the ESI's incentive programs, contact the firm's Compliance Department at 800-344-7437.