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**JANNEY MONTGOMERY SCOTT LLC**  
RELATIONSHIP DISCLOSURES

**EFFECTIVE FEBRUARY 01, 2022**



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# RELATIONSHIP DISCLOSURES

Janney Montgomery Scott LLC (“Janney”) is providing this information to enhance the transparency of our relationship by disclosing conflicts of interest connected with recommendations and services we provide. These conflicts result from the practices of the financial services industry, Janney’s business model and our compensation structure, including conflicts arising from the transaction-based commissions we pay our Financial Advisors. This document also clarifies the different standards of conduct that apply to Janney and our Financial Advisors depending on whether your applicable account is a commission-based brokerage account or a fee-based advisory account.

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This document alone is not a comprehensive description of all conflicts of interest Janney has in its brokerage and investment advisory services. Similarly, not all of the conflicts we describe here will apply each time a recommendation is made or a service is provided. Regardless of the context, Janney will observe high standards of honor and just and equitable principles of trade when making recommendations or providing services to you.

This document also contains links to our website, where you can find descriptions of our services, investments, costs and related conflicts. You should consider this document along with the [Client Relationship Summary](#) (“CRS”) you received separately, additional written investment and account specific disclosures, and verbal disclosures made by your Financial Advisor when evaluating recommendations your Financial Advisor makes to you. Janney encourages you to go to [Investor.gov/CRS](http://Investor.gov/CRS) to access free and simple tools to research firms and financial professionals, such as Janney and our financial professionals, and access educational materials about broker-dealers, investment advisers and investing. Layered together, these disclosures provide a full and fair description of all material facts and an explanation of our duty to make recommendations to you that are in your best interest.

When Janney acts as a broker-dealer, we are subject to a number of laws, rules and regulations, including the Securities Exchange Act of 1934 (the “Exchange Act”), the rules of the Securities and Exchange Commission (“SEC”), the rules of the Financial Industry Regulatory Authority (“FINRA”), and state laws. We are required to act in your best interest and observe high standards of honor and just and equitable principles of trade. Janney’s duties to you include, among others, the following [Disclosure Obligations](#):

- **Make full and fair disclosure to you, prior to or at the time of a recommendation, of all material facts relating to:**
  - *The scope and terms of our relationship*, including whether we are acting as broker, dealer or investment adviser when making the recommendation.
  - The costs that apply to your transactions, holdings and accounts.
  - *Any limitations on the recommendations* your Financial Advisor makes to you.
  - *Conflicts of interest* associated with any recommendations, such as those related to compensation arrangements.

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**When Janney acts as a broker-dealer, Janney also has Care Obligations requiring us to exercise reasonable care and skill to:**

- Understand the potential risks, rewards, and costs associated with a recommendation, and have a reasonable basis to believe that a recommendation could be in the best interest of a customer generally, even if it may not necessarily be appropriate for you in particular.
- Have a reasonable basis to believe that the recommendation is in your particular best interest based on your investment profile and that the potential risks, rewards, and costs associated with the recommendation do not place the financial or other interest of Janney ahead of yours. Your investment profile includes your age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance and any other information that you may disclose to the Financial Advisor in connection with the recommendation.
- Have a reasonable basis to believe that a series of recommended transactions, even if in your best interest when viewed in isolation, are not excessive, are in your best interest when taken together in light of your investment profile, and do not place Janney's interests ahead of yours.

**When Janney acts as a broker-dealer we have the following Conflict of Interest Obligation, requiring Janney to establish, maintain and enforce written policies and procedures designed to:**

- Identify and, at a minimum, disclose all conflicts of interest associated with recommendations to you.
- Where a conflict of interest creates an incentive for either your Financial Advisor or Janney to make a recommendation that places Janney's interest ahead of yours, Janney has created policies and procedures designed to disclose and mitigate the conflict.
- Identify and disclose any material limitations that apply to recommendations to you, such as what investments your Financial Advisor may be licensed for, and prevent those limitations from causing them to make recommendations that place their interest or Janney's ahead of yours.
- Identify and eliminate any sales contests, quotas, bonuses, and non-cash compensation that are based on the recommendation of specific securities or specific types of securities within a limited period of time.

## I. INTRODUCTION TO JANNEY

The strength of the relationships we form with you is the measure of our success and is how we differentiate ourselves from our competition. We trust that you will have a long and successful relationship with Janney, and we welcome the opportunity to serve you.

### Our Client Commitment

Our commitment to put our clients first is an integral part of Janney's rich history. Our size, business philosophy and approach, stability, and relationship with our parent company, The Penn Mutual Life Insurance Company, have enabled us to create and establish a client-focused culture. These factors contribute to your ongoing success and the success of our Firm.

### Our Size

Our size makes us approachable, accessible and accountable. We appreciate each and every relationship. When you have questions regarding financial plans and goals, account services, or investment strategies, we are available to respond quickly and with appropriate, actionable advice based on your best interests.

### Our Business Philosophy and Approach

We approach our business with a long-term perspective and an understanding of the fundamentals of investing: asset allocation, diversification, and risk management. Our business is built on relationships, and we pride ourselves on actively listening, assessing and making appropriate recommendations. By implementing these financial strategies, Janney helps you reach your goals.

Before we recommend that you work with us through either a brokerage or advisory relationship, or invest your assets in a particular investment product or strategy, we will collect information about you, including your age, other investments, financial situation and needs, tax status, investment objectives, experience and time horizon, liquidity need, risk tolerance, and other information we think is relevant. Any recommendations we make to you will be on the basis of the information you provide and our assessment of the investment or service's potential risks, rewards, and costs. If you would like to know why we made a particular recommendation to you, just ask your Financial Advisor. Information about the investment objectives and risk tolerances we use in profiling investors is included in your customer agreement. In making our assessments, we generally rely on the offering materials accompanying such products and services.

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To assist your Financial Advisor in making recommendations that meet your needs, it is your responsibility to provide accurate, timely information about your age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information you think is important for us to know about you. If your circumstances change, for example, as you get older or your employment or financial conditions change, you should update us promptly and review your portfolio with your Financial Advisor and consider making appropriate changes.

### **Our Stability and Parent Company**

Janney traces its roots to 1832. Through a series of mergers and acquisitions, we stand today as the largest full-service financial services Firm headquartered in Philadelphia with a network of over 135 offices in the United States. Our relationship with our parent company, The Penn Mutual Life Insurance Company, provides strength and stability and affords us the independence to operate our business privately, securely, and with a continued focus on doing what is right for you.

## **II. UNDERSTANDING THE CAPACITY OF THE FIRM**

Janney is registered with the SEC as a broker-dealer under the Exchange Act. Janney is also registered as an investment adviser under the Investment Advisers Act of 1940 (the Advisers Act). Janney is also a member of FINRA and the Securities Investor Protection Corporation (SIPC). Janney offers both brokerage services, commonly known as “transaction-based” or “commission” and investment advisory services, commonly known as “fee-based.” Depending upon your needs and investment objectives, your Janney Financial Advisor may assist you with brokerage services, investment advisory services or a combination of both.

Brokerage services are separate and distinct from advisory services. Janney’s brokerage and advisory services are governed by different laws and regulations and also different terms and conditions within your agreements with Janney. As a result, Janney’s legal duties and contractual obligations to you will differ depending upon whether Janney is acting as broker-dealer or acting as investment adviser for you. Some of the primary differences between brokerage and advisory services are described below.

Brokerage services and advisory services have different costs, levels of service, and expenses. They are designed to address different investment needs, and certain brokerage and advisory services may

not be appropriate for you. For example, advisory services may not be appropriate for you if you have low or no trading activity, maintain high levels of cash in your account, or tend to execute transactions without the recommendation or advice of an advisor. Before opening an account, you should carefully consider and discuss with your Financial Advisor, in light of your particular circumstances, the services, risks, and expenses associated with the brokerage or advisory service.

### **Brokerage Services and Brokerage Accounts**

Janney provides custody of your assets, executes securities transactions and provides other brokerage services. In addition to taking and executing your trade orders, Janney may also provide investment advice incidental to the brokerage services. Investment advice considered incidental to brokerage services may include investor education, investment research, financial tools, information about investments and services, and recommendations about whether to buy, sell or hold particular securities. You should also understand that any incidental investment advice offered by Janney or a Janney Financial Advisor with respect to a brokerage account is not provided as part of any financial plan or in connection with any financial planning services.

When processing your trade order, Janney will act as either agent or as principal. When acting as agent, Janney will route your order to a dealer, exchange or other marketplace. When acting as principal, Janney will sell a security from Janney’s own inventory to you, or purchase a security from you for Janney’s own inventory, depending upon your order. Janney also acts in a principal capacity when it assists a corporation in bringing securities to market and sells those securities to you as part of a public offering.

Janney will send you a trade confirmation following the execution of your trade order to the extent required. However, you can request not to receive trade confirmations for your discretionary fee-based advisory account. A confirmation is a written record of the transaction that provides important information about the transaction including the date, quantity, price, and net amount of transaction.

Once your trade order has been executed by Janney, the transaction must be settled, which means that you must pay for the security purchased or must deliver the security sold. Generally, applicable rules require equity securities transactions to be settled on or before the second business day following the trade date. For certain other securities, the required settlement date

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may be earlier or later than two business days. The required settlement date can be found on the applicable trade confirmation.

Janney will act solely in its capacity as a broker-dealer and not as an investment adviser in performing its duties with respect to your brokerage accounts. This means that Janney will only buy or sell securities based upon specific approval from you. Janney does not make investment decisions for your brokerage accounts or manage them on a discretionary basis.

When acting as broker-dealer, Janney and its Financial Advisors will be paid based upon your purchases or sales of investments. Therefore, the revenue of both the Firm and your Financial Advisor will vary by investment and over time. As a result, Janney and its Financial Advisors have a financial incentive to recommend certain investments based upon the payment received.

When Janney acts as broker-dealer, Janney generally does not have the same legal obligations that apply when Janney acts as investment adviser. For example, when acting as broker-dealer, Janney is permitted to trade with you on a principal basis without obtaining your consent or providing prior notice. Janney's obligation to act in your best interest as a brokerage client is different than if Janney acted as investment adviser to you as a fiduciary.

### Advisory Services and Accounts

Janney offers a number of advisory services, including recommendations and investment advice about investment products and services, and either non-discretionary or discretionary fee-based account management.

When Janney acts as an investment adviser, Janney is subject to the Advisers Act. Janney has a fiduciary relationship with you when providing advisory services. When Janney acts as investment adviser, Janney's duties and obligations include, among others, the following:

- Janney must act with utmost care and good faith toward you.
- Janney has a duty to seek to obtain "best execution" of transactions for you.
- Janney must avoid or disclose to you material conflicts of interest.

Additional information about Janney advisory services is available in your investment advisory agreement and in Janney's Form ADV Part 2A Brochure ("Janney Brochure"), including the terms, conditions, costs, expenses, risks and potential conflicts of interest

associated with the applicable advisory service(s). You should review those documents carefully upon receipt if you participate in any advisory service.

### In What Capacity is Your Financial Advisor Acting if You Have Both Brokerage and Advisory Accounts?

If you have one or more brokerage accounts and also have one or more advisory accounts, Janney will provide both services to you accordingly. The fact that you have an advisory account does not mean that Janney has fiduciary obligations to you when providing brokerage services or handling your brokerage accounts. All recommendations regarding your brokerage account will be made in a broker-dealer capacity, and all recommendations regarding your advisory account will be made in an advisory capacity. Your Financial Advisor will identify the account for which they are making a recommendation.

### What is Janney's Role for Retirement and Other Qualified Accounts?

When it comes to retirement and other qualified accounts including IRAs, 401(k) plans, HSAs, and educational savings accounts, and other similar accounts, fiduciary status is highly technical and dependent on the service you choose. The retirement laws (the Employment Retirement Income Security Act of 1974, as amended ("ERISA") and the Internal Revenue Code) limit the types of products and services we can offer and provide when we agree to act as a fiduciary to your retirement or other qualified account. Unless we agree in writing, we do not act as a "fiduciary" under the retirement laws when we provide non-discretionary investment recommendations to you, including when we have a "best interest" or "fiduciary" obligation under other federal or state laws.

If you would like us to act as a fiduciary under the retirement laws for your retirement and qualified accounts, please talk to your Financial Advisor about the services available through our advisory programs. If you have questions about our fiduciary status, your Financial Advisor can help answer your questions.

### Our Role and Fiduciary Acknowledgment for Retirement Accounts

Janney Montgomery Scott, (hereinafter, "Janney" or "we"), is providing you with the following acknowledgment for purposes of complying with the US Department of Labor's (DOL) Prohibited Transaction Exemption 2020-02 (PTE 2020-02), where applicable.

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This acknowledgment will be effective when we begin relying on PTE 2020-02, which will be on February 1, 2022, or, if later, the date that the DOL Field Assistance Bulletin 2021-02 (or subsequent similar guidance) ceases to be in effect.<sup>1</sup>

This acknowledgment applies when Janney or one of its representatives provides investment advice or recommendations to you regarding retirement and other tax-qualified accounts (including workplace retirement plans, IRAs, SEPs, SIMPLE IRAs, educational savings accounts, and other similar accounts), which for purposes of this acknowledgment will all be called “Retirement Accounts.”

**Fiduciary Acknowledgment.** When we provide investment advice to you regarding your Retirement Accounts, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing Retirement Accounts. The way we make money creates certain conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule’s provisions, when providing certain investment recommendations, we must also:

- Meet a professional standard of care (give prudent advice);
- Not put our financial interests ahead of yours (give loyal advice);
- Avoid misleading statements about our conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our advice and services; and
- Give you basic information about our conflicts of interest.

**Limitations to our Acknowledgment of Fiduciary Status.** This fiduciary acknowledgment does not create an ongoing duty to monitor your accounts or create or modify a contractual obligation or fiduciary status under state or federal laws other than the retirement laws.

Not all services or activities that we provide to your Retirement Accounts constitute fiduciary investment

advice subject to the provisions above. As examples, we are **not** fiduciaries under the retirement laws when we provide:

- General information and education about the financial markets, asset allocations, financial planning illustrations, and the advantages and risks of particular investments;
- General information and education about issues and options that should be considered when deciding whether to rollover or transfer Retirement Account assets to us;
- Recommendations about investments held in accounts that are not Retirement Accounts (i.e., taxable accounts);
- Recommendations that you choose to execute at another financial institution other than for assets for which we act as broker of record;
- Transactions or trades you execute without a recommendation from us (e.g., unsolicited trades), or that are contrary to, or inconsistent with, our recommendation; and
- Recommendations that do not meet the definition of fiduciary “investment advice” in Department of Labor regulation section 2510.3-21. For your information, fiduciary investment advice means investment advice for a fee or other compensation rendered on a regular basis pursuant to a mutual understanding that such advice will serve as a primary basis for your investment decision, and that will be individualized to the particular needs of your IRA or plan account.

**Plan for IRA Rollovers and Transfers.** We **do not provide recommendations** regarding your decision to roll assets out of a workplace retirement plan and into an IRA. We will only provide you with general information and education about your options for you to make a decision based on your personal financial needs and savings objectives.

**IRA to IRA Transfers.** If Janney or one of its representatives recommends that you move assets from an IRA at another financial institution to Janney, they are required to consider, based on the information you provide, whether you will be giving up certain investment-related benefits at the other financial institution, such as the effects of breakpoints or rights of accumulation, and has determined that the recommendation is in your best interest because

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1. This disclosure is provided to comply with the DOL’s PTE 2020-02. If there is a conflict between this disclosure and your Janney account agreement, this disclosure will govern.



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(1) greater services and/or other benefits (including discretionary management, asset consolidation, trust services, and holistic advice and planning) can be achieved with the Janney IRA; and (2) the costs associated with the Janney IRA are justified by these services and benefits.

**Advisory Services.** If Janney or one of its representatives recommends that you add retirement assets to an advisory program at Janney, they determined it is in your best interest based on your stated investment profile because:

- The account services and features include one of more of the following: ongoing account monitoring, non-discretionary or discretionary management, holistic investment advice, access to affiliated/ third party managers, and automatic account rebalancing; and
- The asset-based costs associated with Janney advisory program(s) are justified by these services and features.

When providing non-discretionary investment advice or recommendations under an investment advisory program, we are fiduciaries under the retirement laws.

**Brokerage Account Transfers.** If Janney or one of its representatives recommends that you add retirement assets to a brokerage account at Janney, they determined it is in your best interest based on your stated investment profile because:

- The account services and features include one of more of the following: no or de minimis account minimums, fees paid on a transactional basis, and the ability to maintain concentrated and illiquid positions; and
- The transaction-based costs associated with a Janney brokerage account are justified by these services and features.

Notwithstanding whether a recommendation has been made, you understand and agree that with respect to any assets you decide to move into a brokerage or advisory account, you must: (1) evaluate the investment and non-investment considerations important to you in making the decision; (2) review and understand the fees and costs associated with the account; (3) recognize that higher net fees (if applicable) will reduce your investment returns and ultimate retirement assets; and (4) understand the conflicts of interest raised by the financial benefits to Janney and its employees resulting from your decision to move assets into the account.

### III. UNDERSTANDING THE SERVICES PROVIDED BY THE FIRM

#### Are There any Material Limitations on the Securities or Investment Strategies that Your Financial Advisor Recommends?

Your Janney Financial Advisor is licensed to offer you both commission based brokerage services and fee-based investment advisory services. The specific account type and investment recommendations they make are based on your investor profile.

Financial Advisors are required to be licensed in each of the States where their customers live. If either you or your Financial Advisor moves to a State where they are not licensed, your Financial Advisor will need to become licensed in the new State to continue to serve you. If your Financial Advisor is no longer licensed to recommend brokerage investments, fee-based advisory services, or required State licensure, you will be promptly informed.

Janney maintains a product neutral open platform, meaning that Janney's Financial Advisors are able to provide you recommendations on a wide range of investments based on your investor profile. There are certain limitations on some investments that the Firm deems to be unsuitable or not aligned with the best interest standard, therefore your Janney Financial Advisor will not recommend them to you. Some examples include: Low-Priced Securities, Special Purposes Acquisition Companies, Digital Assets, and Marijuana-related investments.

Janney's Financial Advisors are not restricted to offering you proprietary investments. All new investment types must be considered and approved by Janney's New Products Committee before your Financial Advisor can recommend them to you.

Janney does not impose an account minimum to open a brokerage account but certain investments are subject to minimums. Our schedule of service charges contains a service charge that is applied annually. The charge will be waived if your household is either enrolled in Janney eDelivery for all available document types, has a value in excess of \$250,000 or maintains at least 80% of household assets in one or more fee-based advisory programs. Please speak with your Financial Advisor and visit [Janney.com/disclosures](https://www.janney.com/disclosures) for additional details.



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## Will Your Financial Advisor Monitor Your Investments?

Any recommendation made by Janney or a Janney Financial Advisor for your brokerage account is offered in your best interest based on your investment profile and the information reasonably available at the time the recommendation is made. Neither Janney nor your Financial Advisor provide ongoing monitoring services with respect to your brokerage account unless we specifically agree otherwise in writing. However, Janney Financial Advisors generally review the holdings in your account when providing a recommendation to you.

## When Will Your Financial Advisor Make Additional Written or Verbal Disclosures?

Janney or your Financial Advisor will provide more specific information regarding material facts or conflicts if your Financial Advisor did not provide such information prior to making a recommendation. For example, your Financial Advisor may provide an initial standardized disclosure of investment costs and explain that additional details appear in each investment's prospectus. Your Financial Advisor will also provide, supplement, or correct any written disclosure with verbal disclosure as necessary prior to or at the time of the recommendation.

## Who Do These Disclosures Apply to?

Under SEC Regulations, when we recommend a security or an investment strategy involving a security as a broker-dealer to a "retail customer," we must act in your best interest at the time the recommendation is made, without placing our financial or other interest ahead of your interest. You are a retail customer under Regulation Best Interest if you are a natural person or a legal representative of a natural person who receives and uses a securities recommendation primarily for personal, family or household purposes.

Regulation Best Interest does not apply to activities and services we provide other than securities recommendations to retail customers, such as marketing communications, trade execution, educational materials, statements of philosophy and investment principles, descriptions of providing margin, delivering statements, and other communications that are not particularized to you, or services that are provided to someone other than a retail customer. You are not a retail customer if you are acting in a professional, corporate, or in certain circumstances a fiduciary capacity to an employer sponsored employee benefit plan.

Please see the section herein titled "Our Role and Fiduciary Acknowledgment for Retirement Accounts" for additional considerations if you are a client with retirement and/or other tax-qualified accounts.

## IV. WHAT INVESTMENTS DOES JANNEY OFFER?

Your Janney Financial Advisor can recommend a wide variety of investments to fit your best interests. You should consider the disclosures below and always review the offering documents, such as prospectus or contract, associated with the specific investment you are considering to understand and evaluate the risks before investing. If you hold mutual funds, ETFs, or variable annuities, you will also incur and pay the fees, charges, and expense ratios that are embedded in these investments. Investments have a range of costs associated with them. For specific information concerning the cost ranges, features, and conflicts of investments your Financial Advisor may recommend, please also consult [Janney.com/disclosures](https://www.janney.com/disclosures).

Your Financial Advisor may also offer additional security types not covered below from time to time. In that event, your Financial Advisor will provide you with relevant written disclosures prior to or at the time of recommendation.

When you purchase an investment that is subject to price fluctuation, its performance cannot be guaranteed and you may lose money. Past performance is not a reliable indicator of future performance but may help you evaluate an investment's volatility over time.

**Mutual Funds:** Mutual funds are pooled money from many investors and invest in various securities and assets. The combined securities and assets owned by a mutual fund are known as its portfolio which is managed by a registered investment adviser. A share in a mutual fund represents an investor's proportionate ownership of the applicable portfolio and the income or loss that the portfolio generates.

Janney provides you the ability to choose from a large selection of mutual funds. In many cases, a mutual fund offers multiple share classes that have different cost structures and eligibility requirements. Before you invest in mutual funds, it is important that you fully understand the options available, the costs and management fees of investing in a mutual fund, which can impact investment returns, and the risks associated with investing in a fund. Like any investment, mutual funds carry some risks which include market risk, interest rate risk, credit risk, style risk, and securities selection risk. The degree of these and other risks will vary depending on the type of mutual fund you choose.

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All mutual funds have direct costs associated with their sales or operation that will have an impact on your investment returns. These costs may include transaction costs, such as front-end or contingent deferred sales charges (often referred to as “loads”), which you will pay directly, and ongoing operating expenses, such as management costs, distribution (“12b-1”) charges, and other operating costs, which are paid by the funds (and indirectly by you). Sales charges and ongoing operating expenses vary among mutual funds and share classes.

If you are considering a load fund, it is important that you are aware of any sales charge breakpoint discounts that may apply. You may be eligible for sales charge discounts based on the size of your purchase, current holdings or future intended purchases, as well as holdings in related accounts. You should also be aware of any alternative share classes available and that some mutual fund families offer funds with no sales charge. You should also consider a fund’s investment objectives and its risks to determine if it meets your goals and risk tolerance.

Before investing in any mutual fund, you should read the fund’s prospectus, a document provided by each mutual fund that contains information about the fund’s investment objectives and strategies, costs, and risks. Your Financial Advisor is also available to assist you with any questions.

There are conflicts of interest when investing in mutual funds. Janney processes almost all of its mutual fund transactions through an omnibus relationship with Charles Schwab. Because omnibus trading offers lower costs for Janney and with high daily trade volume, Janney has sought to establish omnibus trading arrangements with the fund families that clients trade the most. This creates a conflict of interest in the form of an additional financial incentive and financial benefit to Janney.

Janney also receives compensation from certain mutual funds and their sponsors in consideration for administrative, accounting recordkeeping, sub-transfer agency, or other services Janney provides to those funds. This provides an incentive for Janney to favor funds paying higher service expenses. However, we do not share the compensation with our Financial Advisors, and they do not receive additional compensation either for executing trades in those mutual funds or omnibus compensation.

Janney and our Financial Advisors also receive other forms of compensation that do not directly affect the fees you pay for mutual fund transactions, including revenue sharing arrangements and promotional

assistance. These forms of compensation cover a variety of initiatives and expenses incurred by Janney, including expenses associated with marketing mutual funds to investors, educating Financial Advisors and performing administrative services. These arrangements create incentives for Janney to promote the funds of sponsors who pay us more over sponsors that do not pay us or provide less compensation. Mutual fund companies also enter into revenue-sharing arrangements with Janney in connection with the distribution of their funds through our Financial Advisors. Since not all mutual fund companies who distribute their mutual funds through Janney elect to pay us revenue sharing, we have a greater financial incentive to promote those mutual fund companies that do.

**Cash Sweep Program:** The deposit of checks, the proceeds from the sale of securities, and other activity generate cash balances in your investment account. Janney offers a Cash Sweep Program, a service to automatically invest, or “sweep,” any uninvested cash in your eligible Janney investment accounts. The Cash Sweep Program includes a Federal Deposit Insurance Corporation (“FDIC”) Insured Bank Sweep option (“Insured Sweep”) as well as Money Fund Sweep option (“Money Market Sweep”). Each feature within the Cash Sweep Program has certain eligibility requirements which are described in greater detail at [Janney.com/disclosures](http://Janney.com/disclosures).

Through Janney’s FDIC Insured Sweep, and subject to eligibility, available cash in an investment account will be deposited into accounts at one or more banks (“Program Banks”) insured by the FDIC as set forth in the published lists of Cash Sweep Program Banks (the “Program Bank List(s)”). For personal accounts, participating Program Banks are organized into a number of Program Bank Lists which are divided by the type of account and the state or geographic region based on the mailing address of your account statements, in order to manage the distribution of Insured Sweep balances among the Program Banks.

For corporate accounts, there is a separate and distinct Program Bank List which is organized by alphabetical order, although this is not necessarily the order in which these Program Banks will accept your deposits. Available cash in your corporate accounts will be allocated among the Program Banks according to a methodology which considers the amount of deposits that each Program Bank agrees to accept at the time of deposit. Personal accounts enrolled in Janney Insured Sweep include accounts owned as individual account, joint account, trust or estate accounts, and retirement accounts. For clarification, personal accounts mean all accounts other than corporate accounts. Corporate accounts enrolled

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in Janney Insured Sweep include accounts owned by corporations, limited partnerships, limited liability companies, foreign institutions, banks, trust companies, investment clubs, insurance companies, religious organizations, fraternal/charitable organizations and non-profit organizations.

The Cash Sweep Program seeks to make available up to \$2.5 million, or \$5 million for Joint Accounts, (the "Program Limit") in FDIC protection as defined in the Cash Sweep Program's disclosure statement. Cash in your account above the Program Limit (referred to herein as "excess cash balances") will continue to be deposited into additional Program Banks meaning that it is possible, though not guaranteed, that you could receive FDIC insurance coverage above the Program Limit when excess cash balances are invested in Program Banks. Deposits (including certificates of deposit) that you maintain in the same insurable capacity directly with a priority bank will be aggregated with funds in your deposit accounts at the priority bank for purposes of the FDIC insurance limit. You are responsible for monitoring the total amount of deposits that you have with each Program Bank, in order to determine the extent of FDIC insurance coverage available to you.

Through Janney's Money Market Sweep, available cash in an investment account can be invested in an eligible taxable or tax-exempt money market fund. A money market fund is a type of mutual fund that generally invests in short-term debt instruments. Many investors use money market funds to store cash. There are three primary types of money market funds: (1) government money market funds (funds that invest nearly all assets in cash, government securities, and/or repurchase agreements collateralized by cash or government securities); (2) retail money market funds (funds available to natural persons); and (3) institutional money market funds (funds available to both institutions and natural persons). The rules governing money market funds vary based on the type of money market fund.

Government and retail money market funds generally try to keep their net asset value ("NAV") at a stable \$1.00 per share using special pricing and valuation conventions. Institutional money market funds are required to calculate their NAV in a manner such that the NAV will vary based upon the market value of assets and liabilities of the fund (also known as a "floating NAV"). An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although some money market funds seek to preserve the value of an investment at \$1.00 per share, there can be no assurance that will occur, and it is possible to lose money should the fund value per share fall. In some circumstances, money

market funds may be forced to cease operations when the value of the fund drops. In that event, the fund's holdings may be sold and distributed to the fund's shareholders. This process could take time to complete. During that time, the amounts you have invested in the money market fund would not be available for purchases or withdrawals.

In addition, money market funds are required to impose redemption charges and suspend redemptions in certain circumstances through restrictions known as "Fees and Gates." Government money market funds may also (but are not required to) impose redemption charges and suspend redemptions in those same circumstances. It is up to the fund's board to determine if it is in the fund's best interest to impose these Fees and Gates. Please read the fund's prospectus for details on Fees and Gates.

Janney receives compensation in connection with Janney's Cash Sweep Program. If your uninvested cash held in a brokerage account is swept into an account at a bank through Janney's Cash Sweep Program, Janney will receive fees based on how much you have invested or deposited that we could not receive if your cash remained uninvested. The compensation is paid by the banks and money market funds. The interest rate on Insured Sweep, or the yield on a money market fund could be as low as zero in certain low-rate periods.

You affirmatively consent to participation in Janney's Cash Sweep Program by signing the Janney Client Agreement and Disclosures. However, you can revoke your consent to participate in the Cash Sweep Program at any time by informing your Financial Advisor. If you decline participation in the Cash Sweep Program, the cash portion of your account(s) will remain as a free-credit balance until you instruct your Financial Advisor to invest such balance. Janney does not pay interest on free-credit balances in Janney accounts.

In addition, mutual fund companies typically offer multiple share classes with different levels of fees and expenses. We do not always select the lowest cost share class for the money market funds we use as cash sweep vehicle. We have a conflict of interest in selecting share classes because we get more fees from some share classes than from others. The use of a more expensive share class will lower your overall investment returns.

**Exchanged Traded Products (ETPs):** Exchange Traded Products include Exchange Traded Funds (ETFs) and Exchange Traded Notes (ETNs). ETPs are designed to track an underlying asset or benchmark and trade on a stock exchange. All ETPs have risks including market, liquidity, and pricing tracking risk.

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ETFs are registered investment companies that offer investors a way to pool their money in a fund that makes market investments in stocks, bonds, other assets, or some combination of these investments and, in return, you receive an interest in that investment pool. ETFs hold the assets they invest in, are traded throughout the day, and can be purchased with relatively low dollar amounts by purchasing as little as one share at the fund's market price.

ETNs are unsecured debt notes issued by a financial institution. That company promises to pay ETN holders the return on the underlying asset or index over a certain period of time and return the principal of the investment at maturity. ETNs can be held to maturity or bought and sold at will. They are subject to credit risk of the issuer.

Some ETPs are leveraged, inverse or leveraged inverse investments, which may be appropriate for short-term trading but are not suitable for buy-and-hold investors.

You will pay a commission when you purchase or sell an ETP in a brokerage account, unlike Mutual Funds which typically apply a sales charge as found in the prospectus and explained above. In addition to the advisor's commission, investors will pay fees and expenses, commonly referred to as "operating expenses" or "investor fees," which are paid indirectly by a deduction in the value of the security.

**Equities:** As a full service securities broker-dealer, Janney provides services and investments and receives compensation in connection with its business activities through its retail trading desk, institutional trading desk, investment banking, syndicate, public finance and research departments. Our compensation usually includes commissions determined according to Janney's standard [commission schedule](#) then in effect. Because Janney is paid per transaction, we have an incentive to recommend you trade more.

Janney is required to execute a market order placed by a customer fully and promptly without regard to price. We may execute your trade at a price significantly different from the current quoted price of that security. This is especially true at market opening and other times during the trading day when the market is moving quickly.

If you are concerned about achieving a desired target price for a trade the investor may want to consider using a limit order, which specifies a maximum price to be paid on a purchase or a minimum price that will be accepted on a sale. There is a risk, however,

that placing a limit order may result in missing an execution in a fast moving market. This differs from a market order, where the order may be executed at a price significantly different from a quoted price of that security at the time of the order entry, but is certain to receive an execution.

**Fixed Income:** Fixed income refers to debt markets and debt securities. The fixed income securities market is significantly larger than the equities market and represents many types of securities with similar features. Fixed income investments generally provide scheduled payments (interest) over the life of the contract between a borrower and a lender. At the end of the contract (maturity date), the borrower (debt issuer) pays back the lender the amount borrowed (principal). Bonds, loans, lines of credit, and preferred equity (which has a mixture of equity and debt features) all fall on the spectrum of fixed income. Borrowers can consist of federal, state, and local governments, as well as companies and pools of residential mortgages, among others.

Most fixed income securities have a set interest rate (coupon) that pays a consistent amount to the lender (also called creditor or debtholder) over equal intervals (e.g. monthly, quarterly, and annually). A missed interest payment or failure to return principal to the creditor is considered an event of default and can result in bankruptcy for the borrower. Additionally, the value/price of the debt security can fluctuate from issuance to maturity date to reflect issuer-specific changes, interest rate changes, market events, and other factors that contribute to the likelihood or perceived likelihood the issuer will pay interest and principal on time and in full.

You can buy fixed income individually with the trading desk, through different types of funds (see sections on mutual funds, ETPs, and close-end funds and UITs.) Before you invest in fixed income, it is important that you fully understand the options available, the costs of investing, and the risks associated with each investment. Like any investment, fixed income carries risks, which include interest rate risk, credit risk, liquidity risk, and market risk. The degree of these and other risks will vary depending on the specific investments you choose. The higher the return, the higher the risk. Ratings agencies review issuers and debt securities for ability and willingness to pay, and assign credit ratings and outlooks based on their assessment. Additional detailed information regarding credit ratings is available at [Janney.com/disclosures](http://Janney.com/disclosures).

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## Major Fixed Income Asset Classes:

- **Municipal Bonds:** Municipal bonds are debt obligations issued by states, cities, counties and other public entities that often fund public financing needs and projects such as schools, hospitals, highways, and universities. Most municipal bonds offer income that is exempt from federal income taxes, and often, from state or local taxes.
- **Treasuries:** Like municipal bonds, the US government issues short- and long-term debt to meet government-spending needs (the budget, social security, Medicare/aid, the military, etc.). Debt that is issued with a maximum of one year to maturity is a “treasury bill,” debt that is a maximum of 10 years maturity is a “treasury note,” and debt that is longer term is a “treasury bond.” There are also inflation-adjusting securities called Treasury Inflation Protected Securities (“TIPS”). Treasuries are backed by the full faith and credit of the US government.
- **Corporate Bonds:** Corporate bonds (corporates) are debt obligations issued by companies in a variety of industries. Credit risk, liquidity risk, and interest rate risk are main drivers of corporate bond prices. Some corporate bonds have only the backing of the applicable company while other corporate bonds are backed by specific assets as collateral for the repayment of the debt.
- **Brokered Certificates of Deposit:** CDs are issued by individual banks and insured by the Federal Deposit Insurance Corp. (FDIC), a US government agency, for up to \$250,000 per CD issuer owned by you or your household. Unlike bank CDs, brokered CDs are tradable in the fixed income markets and do not have early redemption fees. Instead they are subject to market risk.
- **Agencies:** There are two types of “agency” debt: Securities issued by government-sponsored entities (GSEs) and securities issued by US government agencies. GSEs are federally-chartered, privately-owned corporations, which provide loans to specific borrowers (e.g. homeowners, farmers). Debt issued by GSEs has an “implied” guarantee, so the debt is not specifically backed by the full faith and credit of the US government. US government agencies are organizations established by either legislation or executive orders. Some debt issued by government agencies is backed by the full faith and credit of the US government, but other agency debt is not.
- **Mortgage-Backed Securities:** In the most basic form, mortgage-backed securities (MBS) are residential or commercial real estate mortgages pooled together into securities and sold to investors.

MBS have prepayment and extension risks, which are opposites: when interest rates fall, the pooled mortgage loans are often prepaid or refinanced so the life of the MBS can be shorter-than-expected, while when interest rates raise, the mortgage loans tend to be held for a longer period. Some MBS can be a pool of a pool of mortgages, among other complex structures.

- **Preferred Equity:** Preferred Equity (preferreds) are hybrid securities, in that they have both equity and debt features. The most basic preferreds are perpetual securities with no maturity date and the obligation to pay dividend payments at scheduled intervals, usually quarterly. Issuers of preferreds are usually the same types of issuers for corporate bonds, but these issuers usually have the obligation to pay corporate bondholders before preferred holders. This lower ranking in payment priority is partially the reason why preferreds offer higher rates than alternatives reflecting increased credit and maturity risk.

The cost to you when investing in fixed income will vary based on how your account or household is structured, as well as what fixed income option you select. If you buy individual fixed income securities (e.g. bonds), Janney typically charges you a percentage of the total amount purchased. This cost is within a restricted range and monitored by Janney’s Compliance Department to ensure reasonable and fair pricing.

Janney earns profits from principal transactions with you based on the difference between the price Janney paid for the security and the price at which Janney sold the security, which may include a markup, markdown, or spread from the prevailing market price, or selling dealer concession. Janney also has a conflict when pricing securities it sells to you on a principal basis. For example, when selling a security on a principal basis to you, Janney has an incentive to sell at the highest price possible, while you are trying to purchase the security at the lowest price possible. Similarly, Janney has incentive when purchasing securities from you to buy at the lowest price possible while you are trying to sell at the highest possible price. In addition, other potential conflicts of interest include the incentive Janney has to sell securities to you because Janney does not wish to hold the securities in its own inventory at its own risk.

**Structured Notes and CDs:** Structured notes and certificates of deposit (CDs) are securities issued by financial institutions and sold by broker-dealers like Janney. The returns are based on, among other things, equity indexes, a single equity security, a basket of



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equity securities, interest rates, commodities, and/or foreign currencies. Thus, an investor's return is "linked" to the performance of the applicable reference asset or index. The commissions to purchase structured notes and CDs are typically higher than other types of investments. Structured notes have a fixed maturity and have two components—a bond component and an embedded derivative feature. In the case of structured CDs, the bond component is a bank issued CD. Although structured products allow retail investors to participate in investment opportunities that are not typically available, these securities are often very complex and have significant risk. For example, the price you pay for a structured note or CD when issued will likely cost more than that security's fair market value at time of issuance, meaning the estimated value of the security (which is not guaranteed and often difficult to gauge) will be a larger portion of the securities value and the expected return. Also, structured products may have restrictions or limits on returns so that it is possible to lose money, not gain at all, or gain little even if the underlying reference asset or index goes up.

Structured notes are subject to market risk dependent on the performance of the applicable asset or index so you may lose some or all of the principal invested. Structured CDs give principal protection in that they carry FDIC insurance protection on the invested principal subject to FDIC coverage limits. Other significant risks include liquidity risk (the ability to sell the security on any given day when the markets are open), credit risk (the security issuer's financial ability to meet its payment obligations at maturity) and call risk (the security issuer's ability to call and redeem the security prior to maturity). The tax treatment of structured products is also complicated and, in some cases, uncertain.

**Closed-End Funds:** A closed-end fund is a type of investment fund or company. Unlike mutual funds, which continuously offer and redeem their shares on a daily basis at net asset value (NAV), closed-end funds typically raise money by selling a fixed number of shares of common stock in a single, one-time offering, much the way a company issues stock in an initial public offering. Closed-end fund shares are also not redeemable, meaning that investors cannot require closed-end funds to buy back their shares, although closed-end fund shares are listed and traded on an exchange. Investment advisers manage the investments of the closed-end fund subject to the oversight of the fund's board of directors. Like other equity investments that trade on an exchange, you typically pay Janney a commission for effecting closed-end fund trades.

**Unit Investment Trusts:** A unit investment trust (UIT) is a pooled investment vehicle which generally buys and holds a fixed portfolio of professionally-selected securities to achieve a stated investment objective for a fixed, predetermined period of time. Because the investment portfolio of a UIT generally is fixed, investors know what they are investing in for the duration of their investment. Investors will find the portfolio securities held by the UIT listed in its prospectus and on sponsor websites. A UIT will make a one-time "public offering" of only a specific, fixed number of units (like closed-end funds). Typically, a UIT sponsor will buy back an investor's units at their net asset value (NAV).

The UIT prospectus includes a fee table that lists the charges you will pay. UIT investors generally pay one-time fees, an initial or deferred sales charge which includes a creation and development fee, in addition to one-time organization costs and annual trust operating expenses. The application of these charges may vary, depending on the sponsor, the length of the trust, trust holdings, and whether the UIT is an equity or a fixed income trust.

Janney generally receives additional compensation related to the sale of UIT units. Sponsors of UITs typically make marketing or volume concession payments to the firms that sell their UITs, including Janney. These payments are typically calculated as a percentage of the total volume of sales of the sponsor's UITs that the Firm makes during a particular period. That percentage typically increases at higher sales volume creating an incentive to sell more UITs.

**Complex Strategies and Alternative Investments:**

Complex investments typically invest in nontraditional assets or engage in one or more complex strategies. Complex investments include but are not limited to hedge funds, private equity funds, funds of private equity funds and managed futures. Complex strategies include but are not limited to option and margin use, exchange funds, leveraged funds, inverse funds, and other special situation funds, structured certificates of deposit and structured notes, exchange-traded notes, business development companies, real estate investment trusts, fully paid lending and master limited partnerships. These strategies and investments often have specific additional disclosures, contracts and agreements you should review with your Financial Advisor prior to investing.

More traditional investments, such as mutual funds, ETFs, UITs, and variable annuities, may also pursue complex strategies. You should carefully review the prospectus or other offering document for each investment and understand the strategy before deciding to invest. Complex strategies are not suitable for all

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investors, typically have eligibility requirements and may not be appropriate for you if you have limited investment experience or are not comfortable with taking on above average risk.

It is important to be aware that alternative investments may be less liquid, use leverage, have less transparency, and may charge higher fees including a performance incentive fee. Many alternative investments fall under legal structures with less regulatory oversight compared to those of traditional investments. However, they do fall under the purview of the Dodd Frank Wall Street Reform and Consumer Protection Act, and their practices are subject to examination by the SEC but they may not have to register with the SEC.

**Options and Derivative Investments:** If you elect to use option strategies, you should consult Janney's Option Agreement which contains the terms for investing in options at Janney. In some cases, Janney may require you to open a margin account to engage in options trading.

Investments such as options, convertible securities, futures, swaps, and forward contracts are financial contracts that derive value based upon the value of an underlying asset, such as a security, commodity, currency, or index. Derivative instruments may be used as a substitute for taking a position in the underlying asset or to try to hedge or reduce exposure to other risks. They may also be used to make speculative investments on the movement of the value of an underlying asset. The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Investing in derivatives also generally involves leverage. Derivatives are also generally less liquid, and subject to greater volatility compared to stocks and bonds. In some cases, Janney may require you to open a margin account to engage in options trading.

**Margin:** You may use margin to purchase securities or borrow cash against your portfolio of securities. If you elect to utilize margin privileges, the terms are established by contractual margin agreement between you and Janney and you should consult your margin agreement for specific terms. Any margin rate incurred will be in addition to standard costs charged to complete a transaction. Janney earns compensation for lending you money through the margin lending program in the form of interest owed on your margin balance.

Your Janney Financial Advisor generally does not receive direct compensation from margin interest charged. A potential for conflict can exist where the Financial Advisor promotes purchases on margin, which

increases the size of the order and, consequently, Financial Advisor compensation, but which is not in your best interest. Janney reserves the right to debit your account for the payment of any unpaid expenses pursuant to your agreements with Janney.

Margin accounts can be risky and you may lose more money than you invest. You can also be required to deposit additional cash or securities in your account on short notice to cover market losses. In addition, you may be forced to sell some or all of your securities when falling stock prices reduce the value of your securities. Finally, Janney can sell some or all of your securities without consulting you to pay off your margin loan.

For more information about features and risks of margin accounts, please consult your margin agreement and discuss with your Financial Advisor.

**Annuities:** An annuity is a contract between you and an insurance company that requires the insurer to make payments to you, either immediately or in the future. You buy an annuity by making either a single payment or a series of payments. Similarly, your payout may come either as one lump-sum payment or as a series of payments over time.

There are various types of annuities with various features, levels of complexity and risk. Janney evaluates the annuities it offers its customers and restricts annuity investments below an A rating, except in exceptional cases (for example, annuities with long term care riders). Common types of annuities include fixed annuities, variable annuities and indexed annuities. Annuities can offer investors a variety of benefits depending on the contract including periodic payments over an investor's or beneficiary's lifetime, death benefits and tax-deferred growth.

Insurance companies will compensate Janney and its Financial Advisors for selling their annuities in various forms including upfront commissions based upon the initial sale of the investment and ongoing trail commissions or residuals relating to your continued holding of the investment. This provides an incentive for Janney to recommend annuities that pay it higher fees. Commissions on variable annuities are generally higher than commissions on mutual funds, fixed index annuities, and fixed rate annuities, giving Janney Financial Advisors an incentive to recommend variable annuities over other investments.

Janney incurs a variety of expenses for educating its Financial Advisors and our clients regarding annuity investments and providing marketing and sales support to insurance companies. Some insurance companies pay revenue sharing to Janney for selling their annuities



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through our Financial Advisors. Because of these revenue sharing relationships, Janney has a conflict of interest to promote insurance companies that pay Janney over insurance companies that do not.

The Penn Mutual Life Insurance Company (Penn Mutual) owns Janney. Janney Financial Advisors can recommend Penn Mutual's insurance investments to you, which creates a conflict. Because Janney is owned by Penn Mutual, Janney has an incentive to recommend its investments based on its affiliation. To mitigate this conflict, Janney does not specifically promote sales of Penn Mutual investments, including annuities. Neither Janney, nor our Financial Advisors, receive any special or additional compensation for recommending Penn Mutual investments over those issued by non-affiliated companies. Janney and our Financial Advisor are paid the standard compensation for the sale of the particular investment for Penn Mutual investments.

## V. WHAT ADDITIONAL CONFLICTS DO JANNEY OR YOUR FINANCIAL ADVISOR HAVE?

Below is a description of additional conflicts of interest, in addition to those found above or at [Janney.com/disclosures](https://www.janney.com/disclosures), which exist when Janney or your Financial Advisor has a financial interest or incentive that could affect our investment advice to you. These conflicts are typical to our industry as a whole and Janney has adopted policies and procedures and is required to comply with applicable laws and regulations which mitigate these conflicts of interest. Janney or your Financial Advisor may have conflicts of interest beyond those disclosed here. Your Financial Advisor will verbally disclose, where appropriate, any additional material conflicts of interest no later than at the time of a recommendation.

**Recommendations Regarding Account Type:** Your Janney Financial Advisor may recommend that your account be either a brokerage or an advisory account. Janney Financial Advisors have an incentive to recommend that you have a brokerage account if you place trades on a frequent basis. We have a conflict because when you trade frequently in a brokerage account your commissions may be comparable or higher than the advisory fee to conduct similar trades in an advisory account.

In an advisory account, you pay an ongoing investment advisory fee to Janney that is generally a percentage of the value of your account and your Financial Advisor will monitor your account on an ongoing basis, while that is not the case with a brokerage account. In an advisory

account, mutual funds can be purchased without a sales load and without ongoing 12b-1 charges. Additionally, there are a variety of services from which to choose for an advisory account, including nondiscretionary investment advice, mutual fund asset allocation solutions, use of third-party investment managers, and giving your Financial Advisor discretion to manage your account. See Janney's [Form ADV Part 2A Brochure](#) for more information.

Janney and your Financial Advisor have an incentive to recommend that you have an advisory account because of the ongoing fees we earn if you place trades on an infrequent basis. This is a conflict because your advisory account cost may be comparable or higher than the aggregate commissions and sales loads/charges you would pay to engage in infrequent trading activity in a brokerage account.

An advisory account may be appropriate for you if you would like to take advantage of the advisory services available or if you expect significant trading activity in your account during a period of time. However, due to Janney's fiduciary obligation regarding investment choices and holdings in an advisory account, advisory accounts are generally not available if you frequently select your own investments and direct your own trade activity independent of your Financial Advisor's advice, regardless of whether an advisory account would result in lower costs. If you are not interested in taking advantage of advisory services and you do not expect to engage in significant trading activity, a brokerage account may be more appropriate.

**Rollovers and Transfer of Accounts to Janney:** There are generally four rollover options and you may choose one or a combination of these options:

1. Leave money in the existing plan;
2. Roll the funds into an IRA;
3. Roll the funds into a new employer's plan;
4. Cash out your existing employer plan.

### Rollovers from an Employer Plan

Financial Advisors will provide education only, not recommendations, to you regarding rolling investments out of your employer plan. In offering education related to rollovers, Financial Advisors may generally discuss each of the available options with you. They may also remind you that each choice offers advantages and disadvantages depending on the desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and your unique financial needs and retirement plans.

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You should weigh your options, and must ultimately make a decision without a recommendation from your Financial Advisor.

### **Providing Investment Advice to Retirement Investors, Concerning IRA Transfers**

Financial Advisors may provide a recommendation to you regarding whether you should move retirement investments held at another financial institution to

a retirement account at Janney. However, Financial Advisors may also provide education only whereby they may provide education concerning IRA transfers and the general types of services provided when establishing or maintaining a retirement account with Janney. In offering education related to IRA transfers, Financial Advisors may generally discuss the available options with you. They may also remind you that each choice offers advantages and disadvantages depending on the desired investment options and services, fees and expenses, and your unique financial needs and retirement goals. You should weigh the options, and may ultimately make your decision without a recommendation from your Financial Advisor, unless you request a more specific comparison of individual securities.

If you make the decision to roll over your retirement plan to Janney, your advisor will have an opportunity to increase their compensation through commissions or advisory fees. Leaving assets in your retirement plan or rolling the assets to a plan sponsored by your new employer likely is less expensive for you and results in little or no compensation to Janney and your Financial Advisor. You are under no obligation to roll over retirement plan assets to an IRA maintained by Janney. If we recommend that you transfer any of your investment accounts with another financial services firm to Janney or to add assets to your existing Janney accounts, we have a conflict because we and your Financial Advisor will earn more fees for services and recommendations provided to you. For additional information related to retirement account rollovers, please visit [Janney.com/disclosures](https://www.janney.com/disclosures).

**Cash Compensation:** Janney Financial Advisors receive compensation from Janney. Your Janney Financial Advisor generally is compensated based upon their total annual commission level, which takes into account all of the advisory fees, commissions, 12b-1 charges and similar compensation paid to Janney by you and all third parties. The amount Janney pays to our Financial Advisors is a percentage of their annualized production. The percentage will vary based on their relevant annualized production tier. The percentage is lower for lower annualized production tiers and higher for higher tiers.

Accordingly, as the amount of a Financial Advisor's production increases, their cash payout will increase. As a result, your Financial Advisor has an incentive to charge higher commissions and recommend more frequent trades for brokerage accounts. They also have an incentive to recommend that you establish accounts, add assets to existing accounts, and recommend additional transactions in brokerage accounts. Financial Advisors also have an incentive to recommend more transactions to increase their production so that they can rise to the next annualized production tier and increase their cash payout percentage.

**Deferred Compensation Award:** Financial Advisors who achieve certain total annual production thresholds are eligible to receive an award from Janney through a deferred compensation program. This gives Financial Advisors an incentive to increase their production so that they qualify for a higher deferred compensation award.

**Recruitment Bonuses:** A Financial Advisor recruited to join Janney generally receives an upfront bonus in the form of a forgivable promissory note over a period of years. Similarly, a Financial Advisor who joins Janney is generally eligible to receive "back end" bonuses, which are based on both revenue generated and assets brought to Janney. Both types of bonus give your Financial Advisor an incentive to recommend you transfer to or deposit assets with Janney and to recommend transactions that generate revenue.

**Incentive Programs:** From time to time, Janney has incentive programs for Janney Financial Advisors, to the extent permitted under applicable law. These programs pay advisors for attracting new assets and for promoting increased investment services. Janney also has programs that reward Financial Advisors who meet total production criteria, prepare financial plans, participate in advanced training and improve your experience. Janney does not offer sales contests, sale quotas, bonuses or non-cash compensation based on sales of specific securities within a limited period of time. Financial Advisors who participate in these incentive programs are rewarded with cash and/or non-cash compensation, such as deferred compensation, bonuses, training symposiums, and recognition trips.

Janney's incentive program incentivizes its Financial Advisors to base their recommendations on their own financial interest rather than your best interest. Portions of these programs are subsidized by external vendors or affiliates which creates an incentive for your Financial Advisor to promote the investments of these vendors.

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**Non-Cash Compensation:** Janney and its Financial Advisors also receive non-cash compensation and other benefits from companies that provide investments for Janney Financial Advisors to recommend to clients on our platform. Such non-cash compensation includes promotional gifts (e.g., coffee mugs, logoed shirts or gift baskets), invitations to attend conferences or educational seminars sponsored by product sponsors and providers, which include payment of related entertainment, travel, lodging and meal expenses.

**Trade Flow:** Janney does not receive any payment for order flow, including any monetary payment, service, property, or other benefit that results in remuneration, compensation, or consideration in return for the routing of customer orders. Janney trades securities in more than one marketplace. Unless you request that an order be executed in a specified marketplace (and Janney has agreed to your request), Janney, in its sole discretion and subject to applicable regulatory requirements, may route your order to any market center or exchange, including a foreign exchange where such security is traded, on the over-the-counter market in any location, or through any electronic communication network, alternative trading system, or similar execution system or trading venue that Janney may select.

Under SEC Rule 606, Janney is required to disclose, on a quarterly basis, the identity of the market centers to which it routes a significant percentage of its orders. However, as stated above, Janney does not receive any payment for order flow, including any monetary payment, service, property, or other benefit that results in remuneration, compensation, or consideration in return for the routing of customer orders. Janney is also required to disclose the nature of its relationships with such market centers, including any internalization or payment for order flow and reciprocal business arrangements. Additional information on Janney's order routing decisions is available at [Janney.com/disclosures](http://Janney.com/disclosures).

**Revenue Sharing:** Certain asset managers and sponsors (or their affiliates) share the revenue they earn with Janney when you invest in certain investments (primarily mutual funds and annuities). As such, Janney has an incentive to make available and recommend (or to invest your assets in) investments of asset managers and sponsors that share their revenue with us, over investments of asset managers or sponsors that either share less or do not share their revenue. Your Financial Advisor does not share in this revenue.

**Data Package Sharing:** Some mutual fund companies and ETP asset managers have a data package arrangement that allows the company or issuer to (i) distribute information to Janney's Financial Advisors; (ii) review Janney sales data relating to certain Financial Advisors

and investments; and (iii) access Financial Advisors in Janney's branches. Janney is paid to provide this data by the issuer. Data package pricing is consistent across all firms and tiered based on the mutual fund or management company's assets under management at Janney, the type of data they are interested in, and the number of investments for which they want to purchase data. Your Financial Advisor is not paid in these arrangements.

**Underwriting:** When Janney acts as an underwriter and recommends the security that it underwrites, it has a conflict because its compensation is typically a percentage of the offering price. At the same time, the underwriters are responsible for selling the Initial Public Offering ("IPO") and will want a price that is attractive to the investors who may be interested in the security. Underpricing an IPO creates a discount for the initial investors, increases the demand for the IPO and helps the underwriters sell all of the available shares. Underpricing may also affect how much, if at all, the stock's price rises on its first trading day. If there is a large increase, or "bump," from the offering price during the initial trading, the underwriter's investors may be satisfied because the value of their investment will have increased. An IPO offering price may bear little relationship to the trading price of the securities, and it is not uncommon for the closing price of the shares shortly after the IPO to be well above or below the offering price.

Underwriters have discretion in allocating IPO and other public offering shares and will tend to favor allocation to institutional clients. Underwriters believe that institutional investors are better able to buy large blocks of IPO and public offering shares, assume the financial risk, and hold the investment for the long term. This disadvantages smaller investors, particularly in "hot" IPOs where the demand for shares far exceeds supply. Janney also has a conflict because the Firm receives commissions or sales credit when our Financial Advisors recommend the securities we underwrite.

## VI. WHAT COSTS WILL YOU PAY?

The costs you pay depend on whether you choose brokerage services, advisory services, or both. Your costs also depend on what type of investments you choose. No matter which type of account or investment you select, or whether you make or lose money, you will have expenses that reduce any amount of money you make on your investments over time. Please make sure you understand the expenses you are paying.

For detailed information please refer to the descriptions of investments offered by Janney above and consult the relevant offering documents. In summary, for brokerage services, the costs you will incur are transaction-based

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commissions for recommendations and execution of securities trades. Depending on the type of investment you select, costs can include up-front commissions for the purchase and sale of securities, syndicate related costs, as well as fees that are charged on an ongoing basis for as long as you hold the investment.

If we buy a security from you, or sell a security to you from Janney's own account (as "principal"), Janney will mark the price up or down, which will be a benefit to us. Because Janney and Janney Financial Advisors are compensated for transactions, we have an incentive to encourage you to trade more frequently in brokerage accounts, and in greater amounts, and to trade with Janney as principal because Janney, in some cases, receives more revenue when you do so.

The commissions you pay when buying and selling securities in a brokerage account may be higher or lower than the fees paid if you held those securities in an advisory account, depending on the number of securities transactions, the type of securities purchased or sold, and other variables. For additional information about the costs associated with our brokerage services, please see Janney's commission schedule at [Janney.com/disclosures](https://www.janney.com/disclosures).

Client accounts held at Janney are subject to various account services charges depending upon the account services selected. These account services include, but are not limited to, delivery of checkbook requests or check disbursements, the processing of outgoing full or partial account transfers, prepayments to cover the cost of securities distributed from an account prior to settlement of a trade, and service charges for insufficient funds or securities that were not received for a trade by settlement date. Account level sweep fees apply for certain retirement accounts, such as IRAs. For additional information about the costs associated with our brokerage services, please see Janney's commission schedule at [Janney.com/disclosures](https://www.janney.com/disclosures).

Some accounts are subject to account costs and service charges, which vary depending upon the type and size of the account and the services that you select or request. The service charges that apply to an account include but are not limited to annual account costs, account closing and transfer costs. For a schedule of service charges please either speak with your Financial Advisor or access it at [Janney.com/disclosures](https://www.janney.com/disclosures).

## VII. ADDITIONAL INFORMATION

This document is current as of the date on its cover. If we make changes that would require us to send you updated disclosures, we will send them to you by mail or electronically consistent with your elections and the SEC's requirements. We will amend this document from time to time and you will be bound by the amended disclosures if you continue to accept our services after we deliver the amended disclosures to you.

You may request up-to-date information by speaking with your Financial Advisor, calling 833.511.0264, emailing us at [CRS@janney.com](mailto:CRS@janney.com) or viewing them online at [Janney.com/disclosures](https://www.janney.com/disclosures).