

Understanding HJ Sims Services & Fees

June 30, 2020

Introduction

Herbert J. Sims & Co. Inc. (HJS) prepared this document in order to explain material facts relating to the scope and terms of our relationships with retail customers, as well as material facts related to conflicts of interest. This document supplements HJS's Form CRS Customer Relationship Summary, and explains, among other things, how HJS makes its money, how its Financial Professionals are paid, your fees and costs of transacting with us, as well as where you can find additional disclosures.

HJS reviews various investment products and identifies products that may be suitable for investors based on their investment profile on file with us but does not monitor your investments performance.

At HJS, we take an entitlement® approach to growing and managing your wealth. That means we start by looking at the whole picture: your entire portfolio, your lifestyle, your family and your goals. Once we have an understanding of your interests and needs, we are able to offer wide spectrum investing with an emphasis on generating tangible income. In order to ensure that we exercise reasonable diligence, care, and skill in making recommendations, we require our customers to provide to us, on a timely basis, complete and accurate information concerning their circumstances and any changes thereto. This includes information such as a customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, and risk tolerance. We also ask that all documentation and disclosures provided or made available to our customers be thoroughly reviewed—you make the ultimate decision regarding the purchase or sale of investments.

Risks Associated with Recommendations

While we will take reasonable care in developing and making recommendations to you, securities involve risk, and you may lose money. Risk varies based on the type of products in which you invest. There is no guarantee that you will meet your investment goals, or that our recommended investment strategy will perform as anticipated. Please consult any available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you, or help you to find them.

Factors That Affect Your Costs

There are many factors that can affect your cost, including the type of investment (fixed income bonds, equities, mutual funds, annuities, alternative investments), the size, rating and maturity of the instrument you transacted.

other products for which HJS or the financial professional receive more compensation, or generate transactions. Our financial professionals receive immaterial non-cash compensation such as occasional meals served by third parties during in-office training.

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HJS Revenue Stream

Below we have included charts that detail material administrative fees, as well as an overview of the investment products we offer, customers' fees and charges, HJS and its Financial Professionals' revenue, as well as corresponding conflicts of interest.

HJS's revenue structure creates an incentive to generate transactions, recommend third party products that pay higher fees, and recommend new issues underwritten by HJS for which it receives an underwriting fee and, when trading in the secondary market, a transaction fee. HJS addresses these conflicts of interest by maintaining policies and procedures on the suitability and supervision of the type of accounts and services we offer to you, and by disclosing our practices to ensure you make a fully informed decision.

HJS is affiliated with an investment advisor - Herbert J. Sims Capital Management, Inc. ("HJSCM") - and some of HJS Financial Professionals are also Investment Advisors with HJSCM and may therefore provide advice on HJSCM managed accounts and advisory services. Unlike a brokerage account, when you have a managed account, you pay a fee based the value of the assets held in your managed account. Those HJS Financial Professionals who are also Investment Advisors may have an incentive to recommend to you such type of account. HJS addresses these conflicts of interest by maintaining policies and procedures on the suitability of the type of accounts and services we offer to you, and by disclosing our practices to ensure you make a fully informed decision.

Through its affiliation with HJSCM, HJS also receives a portion of payments received from a closed-end mutual fund or in connection with an initial public offering, a secondary offering, and/or a private placement.

Through its clearing agent, Pershing LLC, HJS can open margin accounts and provide access to Pershing's products Pershing's pledged collateral loan program HJS receives fees on margin accounts and pledge collateral loans.

Financial Professional Compensation

"Forgivable loans," given to Financial Professionals by HJS, are upfront payments provided as an incentive to induce associated persons to move from one firm to another and are typically forgiven based upon such newly-hired Financial Professionals' performance of future services, as well as their achievement of specified performance goals related to asset accumulation, revenue benchmarks, client transfer, or client retention.

The recruiting process and differences in which our Financial Professionals are compensated for the products they recommend, create an incentive for them to recommend certain products over others. HJS addresses these conflicts of interest by maintaining policies and procedures on the suitability and supervision of the products and services we offer to you, and by disclosing our practices to ensure you make a fully informed decision.

Financial Professionals may have conflicts of interest beyond those disclosed here. Where appropriate, financial professionals will disclose any additional material conflicts of interest no later than at the time of a recommendation. Such disclosure will be made orally.

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Administrative Fees

Brokerage accounts are charged administrative fees.

Returned Checks	\$25.00 per event
Overnight/Express Delivery	\$12.00 per event/ \$25 international
Late Payment Charges	Prevailing interest rate
Inactive Account Custody Charges (Subject to certain exclusions. Contact your HJS representative for details.)	\$50.00 per account per year
Transfer Fee (e.g., re-registration of a certificate)	\$60.00 per certificate
Legal Transfers	\$60.00 per transfer
Outgoing Wire Transfers	\$25.00 per transfer
Service Fee	\$7.50 per confirmation
Retirement Accounts/ Savings Account Annual Fee	\$43.50 - \$58.50 per year
Retirement Accounts Transfer/ Termination Fee	\$95 per account
Termination/Transfer Fee (Closing an account)	\$125 per account
Alternate Investment Transaction Fee	\$50 minimum per purchase
Alternative Investment Custody Fee	\$35-\$125 per year
Margin Account	Margin account costs and fees are disclosed in the account document.
Pledged Loan (Pershing LoanAdvantage program)	Costs and fees for pledged loans are disclosed in the LoanAdvantage documentation. The LoanAdvantage program is a Pershing program. Pershing is the ultimate approver of the loan application.

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Investment Products	Customers' Fees and Charges	HJS and Financial Professionals Revenue	Conflicts of Interest Description
<p>Bonds (Secondary Market)</p>	<p>When you purchase or sell a bond in the secondary market, you pay a mark-up (in the case of a purchase) or a mark-down (in the case of a sale). This mark-up or mark-down you pay, is a percentage of the price of the security and may include two components: 1-a sales credit for the Financial Professional and/or 2-a mark-up/mark-down applied by the trading desk as part of the cost of holding the security in inventory.</p> <p>Factors that affect the markup or markdown include bond type, credit rating, size of the transaction and maturity of the instrument.</p>	<p>The two components of the mark-up or mark-down are generated:</p> <ul style="list-style-type: none"> • For the Financial Professional who receives a sales credit (effectively a commission) that varies depending on the bond type and duration. This mark-up/mark-down typically ranges from less than 1% to 3% of the security price. • For the HJS trading desk that may add a mark-up as part of the transaction. This mark-up is based on our cost to hold the security in inventory and can range from less than 1% to 3% of the security price 	<p>HJS and its Financial Professionals receive portions of markups/markdowns and therefore we have an incentive to encourage you to trade more often.</p> <p>Our Financial Professionals make money based on generated gross revenue from various fees you pay – as described here - when you invest in products we offer directly. They receive a percentage payout of that gross revenue. The larger the gross revenue, the higher the payout to them. The payout rate is based on production levels and generally ranges from 20% – 50% of the fees generated through the activities discussed here. The incremental compensation model used for our Financial Professionals may give an incentive to recommend certain products over other products for which our Financial Professionals receive more compensation.</p> <p>When HJS acts as principal in buying a security from or selling a security to a customer, it earns compensation on the transaction by marking up the price of the security sold to you and marking down the amount received by you when selling a security to us. This spread is the firm's compensation for sourcing the bonds and taking market risk.</p>
<p>Risk Disclosures</p>	<p>High-yield bonds, in particular, are subject to more risk than investment-grade bonds and are potentially less liquid and more volatile than investment-grade bonds.</p>		
<p>Additional Disclosures</p>	<p>The price you pay, or receive, will be on your confirmation along with the Prevailing Market Price, as applicable. You will receive a confirmation following each trade settlement date, either via mail or email.</p>		

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<p>Municipal Bonds and Private Placements (New Issues)</p>	<p>For municipal bond or a private placements in a new issue (meaning the initial offering of the security to the market), you pay the initial offering price disclosed in the offering material. The offering price includes underwriting discounts paid to HJS as underwriter and distributor.</p> <p>Note that there may be minimum investment amounts or qualifying requirements to participate in a new issue offering. These are described in the offering material.</p> <p>Some of HJS Private Placements are issued by HJ Sims Investments, which shares certain ownership with HJS, the broker-dealer.</p> <p>HJS Private Placements are offered to accredited investors only. To qualify as an accredited investor, you must meet certain requirements, including but not limited to having an income exceeding \$200,000, or earning more than \$300,000 in tandem with your spouse, during the past two years. These requirements are described in the offering material provided to you to you via mail or email before you agree to transact</p>	<p>HJS earns a fee for new issues it underwrites and receives all or a portion of the gross spread – the difference between the price that the client pays for the security and the price that HJS purchases the security for -- in connection with such sales.</p> <p>The gross spread for municipal bonds is generally between 0.5% and 1.75%, but may reach 2% (of the size of the underwriting) on certain deals. The Financial Professionals generate gross revenue between 0.25% to 1.75% of the asset invested, but may be higher in certain circumstances, of the amount invested by the customer.</p> <p>The gross spread for private placements is generally between 4% and 6% (of the size of the placement) but may be higher or lower based on certain offerings. The Financial Professionals generate gross revenue between 3.25% to 3.75% of the amount invested by the customer.</p>	<p>HJS and its Financial Professionals receive fees when you trade with us. This revenue structure creates an incentive to recommend new issues underwritten by HJS for which it receives an underwriting fee.</p> <p>Our Financial Professionals make money based on generated gross revenue from various fees you pay – as described here - when you invest in products we offer directly. They receive a percentage payout of that gross revenue. The larger the gross revenue, the higher the payout to them. The payout rate is based on production levels and generally ranges from 20% – 50% of the fees generated through the activities discussed here. The incremental compensation model used for our Financial Professionals may give an incentive to recommend certain products over other products for which our Financial Professionals receive more compensation</p> <p>Products underwritten by HJS, specifically public initial offerings of municipal securities, may be bought into managed accounts held at HJSCM. HJS, as placement agent for its new issues, has a financial and reputational incentive to demonstrate timely and complete placement of the full new issue it underwrote. HJS addresses these conflicts of interest by maintaining policies and procedures on the suitability of the types of securities invested in managed accounts, and by disclosing our practices to ensure you make a fully informed decision.</p>
<p>Risk Disclosures</p>	<p>High-yield bonds, in particular, are subject to more risk than investment-grade bonds and are potentially less liquid and more volatile than investment-grade bonds. HJS private placements are illiquid securities. This means that there is typically no secondary trading of that security and therefore limited to no options for you to sell your investment. An illiquid security is also difficult to price because there is no trading of that security. For these reasons, HJS Private Placements must be part of a long-term holding strategy and in line with your investment objective profile, risk appetite and time horizon.</p>		
<p>Additional Disclosures</p>	<p>These can be found in the offering material which describes all material facts about the new issue, including qualifying requirements if any (e.g., accredited investor status) and minimum purchase requirements (e.g., minimum denomination). The offering material is provided to you via mail or email before you agree to transact.</p>		

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<p>Stocks, Exchange-Traded Funds (ETFs), Options</p>	<p>You pay a commission and a fee based on the principal amount of the transaction. All of our stock, ETF and option trades are routed to our clearing agent/custodian trading desk, Pershing.</p> <p>Stocks/ETFs: Factors that affect the fee and commission you pay include the principal amount of the transaction with a percentage commission decreasing as the trade size increases. The fee charged increases as the principal amount of your trade increases.</p> <table border="1" data-bbox="272 772 841 919"> <thead> <tr> <th colspan="4">EQUITY DEFAULT COMMISSION SCHEDULE</th> </tr> <tr> <th>Principal Amount</th> <th>=</th> <th>Fee</th> <th>Commission</th> </tr> </thead> <tbody> <tr> <td>\$0.01 to \$7,500.00</td> <td>=</td> <td>\$36.00</td> <td>plus 1.36% of principal</td> </tr> <tr> <td>\$7,500.01 to \$20,000.00</td> <td>=</td> <td>\$46.00</td> <td>plus 1.23% of principal</td> </tr> <tr> <td>\$20,000.01 to \$30,000.00</td> <td>=</td> <td>\$108.00</td> <td>plus 0.92% of principal</td> </tr> <tr> <td>\$30,000.01 and above</td> <td>=</td> <td>\$219.30</td> <td>plus 0.54% of principal</td> </tr> </tbody> </table> <p>Options: Factors that affect the fee and commission you pay include the principal amount of the transaction with a percentage commission decreasing as the trade size increases. The fee charged increases as the principal amount of your trade increases.</p> <table border="1" data-bbox="272 1171 841 1297"> <thead> <tr> <th colspan="4">OPTION DEFAULT COMMISSION SCHEDULE</th> </tr> <tr> <th>Principal Amount</th> <th>=</th> <th>Fee</th> <th>Commission</th> </tr> </thead> <tbody> <tr> <td>\$0 to \$500</td> <td>=</td> <td>\$30.00</td> <td>plus 2% of principal</td> </tr> <tr> <td>\$501 to \$2,000</td> <td>=</td> <td>\$35.00</td> <td>plus 1.5% of principal</td> </tr> <tr> <td>\$2,001 and up</td> <td>=</td> <td>\$50.00</td> <td>plus 1% of principal</td> </tr> </tbody> </table> <p>In addition to the above rate, open transactions are subject to these exchange fees: \$.15 per contract for premiums under \$1.00 / \$.30 per contract for premiums over \$1.00</p>	EQUITY DEFAULT COMMISSION SCHEDULE				Principal Amount	=	Fee	Commission	\$0.01 to \$7,500.00	=	\$36.00	plus 1.36% of principal	\$7,500.01 to \$20,000.00	=	\$46.00	plus 1.23% of principal	\$20,000.01 to \$30,000.00	=	\$108.00	plus 0.92% of principal	\$30,000.01 and above	=	\$219.30	plus 0.54% of principal	OPTION DEFAULT COMMISSION SCHEDULE				Principal Amount	=	Fee	Commission	\$0 to \$500	=	\$30.00	plus 2% of principal	\$501 to \$2,000	=	\$35.00	plus 1.5% of principal	\$2,001 and up	=	\$50.00	plus 1% of principal	<p>Our Financial Professionals generate gross commissions and fees based on a schedule when you trade stocks, ETFs and options with us.</p>	<p>HJS and its Financial Professionals receive fees when you trade with us. This revenue structure creates an incentive to encourage you to trade more often.</p> <p>Our Financial Professionals make money based on generated gross revenue from various fees you pay when you invest in products we offer directly.</p> <p>Commissions accumulated by the Financial Professionals are counted as gross production. The larger the gross revenue, the higher the payout.</p> <p>Our Financial Professionals receive a percentage payout of that gross revenue. The larger the gross revenue, the higher the payout to them. The payout rate is based on production levels and generally ranges from 20% – 50% of the fees generated through the activities discussed here. The incremental compensation model used for our Financial Professionals may give an incentive to recommend certain products over other products for which our Financial Professionals receive more compensation.</p>
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<p>Risk Disclosures</p>	<p>Equity Securities Risk – Equity securities include common stocks, preferred stocks, convertible securities and mutual funds that invest in these securities. Equity markets can be volatile. Stock prices rise and fall based on changes in an individual company's financial condition and overall market conditions. Stock prices can decline significantly in response to adverse market conditions, company-specific events, and other domestic and international political and economic developments.</p> <p>ETFs are subject to market risk, including the possible loss of principal. The value of the ETF portfolio will fluctuate with the value of the underlying securities. ETFs trade like a stock and may trade for less than their net asset value.</p> <p>Options are derivatives, meaning they derive their value from an underlying security. Trading in derivatives can be more complicated and risky than buying and selling stocks and bonds. Depending on the type of derivative, losses can be much more than the amount invested. In a worst-case scenario, losses for some derivatives can be nearly limitless.</p>																																														
<p>Additional Disclosures</p>	<p>These can be found on the confirmation sent to you via mail or email after settlement. For an ETF, additional disclosures addressing the ETF's investment objective, risks, charges, and expenses are included in the ETF's prospectus, which will be provided to you via mail or email before you execute your transaction.</p> <p>For options, before trading with HJS, you will be provided as part of the New Account documentation, with a document called: Characteristics and Risks of Standardized Options (Option Disclosure Document). This risk disclosure document explains the characteristics and risks of exchange-traded options.</p>																																														

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Third-Party Investment Products	Customers' Fees and Charges	HJS and Financial Professionals Revenue	Conflicts of Interest Description
<p>Mutual Funds</p> <p>HJS sells mutual funds from more than 100 fund companies.</p> <p>Mutual funds are open-end investment vehicles designed to invest in a group of assets in accordance with stated investment objectives. Mutual funds are offered in different share classes —usually Classes A and C. The classes differ in sales charges and ongoing fees. The right share class for you typically depends on things like how long you plan to hold the fund, the amount you are able to invest, the expenses you pay and whether you qualify for breakpoint discounts. Breakpoints are the dollar amounts for the purchase of the fund's shares that qualifies the investor for a reduced sales charges. Breakpoints offer investors a discount for making larger investments. The purchase may either be made in a lump sum or by staggering payments within a specified period of time. The latter form of investment purchase in a fund must be documented by a letter of intent. Many mutual fund companies offer breakpoint discounts if you invest more than a certain dollar amount. These discounts may be based on your current purchase or on your total holdings in the fund family, including the holdings of your family or household members</p>	<p>The following charges apply to your transaction:</p> <ul style="list-style-type: none"> • At time of purchase: a front-end load of up to 5.75% of the amount invested in mutual fund Class A shares and are described in the prospectus. • At time of sale (or "redemption"): a back-end load (or "contingent deferred sales charge", also known as a surrender) on some mutual fund Class C shares you sell within a certain period. <p>These charges are generally 1% of the invested amount. These charges can be reduced or eliminated based on how long the shares are held and as described in the prospectus.</p> <p>Mutual funds may charge clients a redemption fee, typically between 0.25% – 2% of the amount invested, on shares redeemed shortly after purchase. HJS does not receive this compensation. Details can be found in the fund prospectus.</p>	<p>HJS receives a fee, called a 12b-1 fee, for marketing and distributing mutual funds. This fee is not paid by you but by many mutual funds from the fund's assets. Like other fees and expenses in a mutual fund, 12b-1 fees will reduce investment returns and are typically between 0.5% and 1% of the amount invested.</p> <p>Portions of the sales charges are paid to HJS Financial Professionals for services provided that result in the sale of a mutual fund. This ranges from 2.5% to 5% of the amount invested and depends on the type of fund and shares you purchase.</p>	<p>HJS's revenue structure creates an incentive to recommend third party products that pay higher fees. Our Financial Professionals make money based on generated gross revenue from various fees you pay – as described here - when you invest in products we offer from a third party.</p> <p>Our Financial Professionals receive a percentage payout of that gross revenue. The larger the gross revenue, the higher the payout to them. The payout rate is based on production levels and generally ranges from 20% – 50% of the fees generated through the activities discussed here. The incremental compensation model used for our Financial Professionals may give an incentive to recommend certain products over other products for which our Financial Professionals receive more compensation.</p> <p>HJS also receives fees generated by your investment in third party products as described here.</p>
<p>Risk Disclosures</p>	<p>The level of risk in a mutual fund depends on what it invests in. Usually, the higher the potential returns, the higher the risk will be. For example, stocks are generally riskier than bonds, so an equity fund tends to be riskier than a fixed income fund. Past results are not indicative of future performance.</p>		
<p>Additional Disclosures</p>	<p>Before purchasing mutual funds, be sure to read the Prospectus(es) of the fund in which you may want to invest. The prospectus is sent to you via mail or email before you complete your transaction. You indirectly pay a fund's operating expenses, which are paid from the general assets of the fund. These fees reduce investment performance. Each fund's prospectus discloses a table of the fund's operating fees and expenses.</p>		

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<p>Alternative Investments</p> <p>HJS offers alternative investment solutions that include hedge funds, funds of funds and private equity, 1031 exchange and real estate funds.</p> <p>Customers must qualify to invest in these specialized investments. Also, most investments will impose a minimum size.</p> <p>HJS offers non-traded real estate investment trusts (REITs). Non-traded REITs are investment programs that pool funds from individual investors to acquire real estate and real estate-related securities.</p>	<p>For some very specialized investments, you pay the fund manager a management/administration fee that generally ranges between 4% – 9% of assets invested, although such fees can be sometimes higher. These funds may also charge an incentive fee of up to 15% of profits made in a given year, but this percentage may be up to 20% for some funds. The actual fee charged to the customer by the fund can be found in the offering materials for the fund.</p> <p>All fees and expenses related to your investment in a non-traded REIT are paid for out of your invested capital. Typically, 12–15% of your investment goes to pay for expenses of organizing the offering of the non-traded REIT and for acquiring properties, etc.</p>	<p>HJS receives a remarketing fee (also called a reallowance fee), from Private Placement Funds, 1031 exchange, REITS, which typically represents between 0.5% to 2% of assets invested.</p> <p>Our Financial Professionals receive a portion of the management/administration fee paid by the customer. This is referred to as an upfront commission which tends to be higher for alternative investments, between 5% and 9% of assets invested.</p>	<p>HJS's revenue structure creates an incentive to recommend third party products that pay higher fees. Our Financial Professionals make money based on generated gross revenue from various fees you pay – as described here - when you invest in products we offer from a third party.</p> <p>They receive a percentage payout of that gross revenue. The larger the gross revenue, the higher the payout to them. The payout rate is based on production levels and generally ranges from 20% – 50% of the fees generated through the activities discussed here. The incremental compensation model used for our Financial Professionals may give an incentive to recommend certain products over other products for which our Financial Professionals receive more compensation.</p> <p>HJS also receives fees generated by your investment in third party products as described here.</p>
<p>Risk Disclosures</p>	<p>Risk disclosures: Alternatives investments are more complex than traditional investment vehicles. The majority are invested in illiquid investments, making them difficult to exit and price on a regular basis.</p>		
<p>Additional Disclosures</p>	<p>These can be found in the offering materials, which include the private placement memorandum and marketing materials, among other documents provided to you via mail or email before you execute your transaction. Further information about the risks, fees and expenses of these products are disclosed in the client application or risk disclosure document you sign before or at the time you invest.</p>		

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<p>Annuities</p> <p>HJS has agreements with various life insurance companies and general agencies and certain HJS Financial Professionals are licensed to sell annuities.</p> <p>Annuities can be variable or fixed. They are investment vehicles that help you grow your money and take income in retirement. They offer guarantees that protect your investment for your beneficiaries, and optional benefits for an additional fee that can provide guaranteed income for as long as you need it.</p> <p>The guarantees offered by variable annuities do not apply to the performance of the variable subaccounts, which will vary with market conditions. You may also allocate contract value to an account that earns a guaranteed fixed rate of interest, if available.</p>	<p>The fees and expenses you pay will vary depending upon the annuity product purchased.</p> <p>Your contract will identify what fee, expenses or penalties you may incur, such as the surrender charges (withdrawals), IRS penalties prior to age 59 ½ withdrawal, annual fees, and other fees such premium taxes and fees for any optional riders selected.</p>	<p>HJS's Financial Professionals receive a portion of the commissions for the sale of an annuity from the insurance company issuing the annuity. The client does not pay HJS directly.</p> <p>There is a commission in the first year, and generally trailing (ongoing) commissions for each year the customer owns the contract.</p> <p>The amount of compensation that HJS's Financial Professionals receive can vary depending upon, among other factors:</p> <ul style="list-style-type: none"> (i) the duration of the annuity; (ii) the age of the customer; (iii) the amount invested in the annuity; (iv) the chosen share class and/or; (v) the commission option selected by the Financial Professionals. <p>Insurance companies allow the Financial Professionals to choose among various commission structures, which generally provide that when there is a higher first-year commission, there will be a lower or \$0 trail commission (and vice versa).</p>	<p>HJS's revenue structure creates an incentive to recommend third party products that pay higher fees. Our Financial Professionals make money based on generated gross revenue from various fees you pay – as described here - when you invest in products we offer from a third party.</p> <p>Our Financial Professionals receive a percentage payout of that gross revenue. The larger the gross revenue, the higher the payout to them. The payout rate is based on production levels and generally ranges from 20% – 50% of the fees generated through the activities discussed here. The incremental compensation model used for our Financial Professionals may give an incentive to recommend certain products over other products for which our Financial Professionals receive more compensation.</p> <p>HJS also receives fees generated by your investment in third party products as described here.</p>
<p>Risk Disclosures</p>	<p>If you die shortly after buying an income annuity, you will not receive the benefit of the future payments you had expected. The risk is common to all sorts of insurance products, and it is the tradeoff for the security of knowing that no matter how long you live, your income stream is guaranteed. During a recession, variable annuities pose much more risk than fixed annuities as they are tied to market indices. Fixed annuities, by contrast, offer guaranteed rates of return. They may however, underperform, at least compared to their variable counterparts when the economy is doing well.</p>		
<p>Additional Disclosures</p>	<p>These can be found in the prospectuses and in your contract, provided to you via mail or email before you execute your transaction. These documents include all fees and charges you will pay.</p>		

Understanding HJ Sims Services & Fees

Investment Products	Customers' Fees and Charges	HJS and Financial Professionals Revenue	Conflicts of Interest Description
<p>Life Insurance Policies</p> <p>HJS has agreements with various life insurance companies and general agencies and certain HJS Financial Professionals are licensed to sell life insurance policies.</p> <p>Life insurance contracts can be either fixed or variable. A variable policy provides death benefit protection and the potential to accumulate cash value through the underlying investment options.</p>	<p>The amount of the premium that clients pay depends on a variety of factors, including the level of coverage, the client's age, health and the optional riders selected, i.e., provisions that may be added to an insurance policy to increase or limit the benefits that the policy otherwise provides.</p> <p>Depending on the type of life insurance policy, clients are subject to a surrender charge if the policy is surrendered (either partially or in full) during the surrender period or the policy lapses and is not reinstated within the allowable timeframe.</p> <p>Surrender charges are based on a variety of factors, including the number of years a policy has been in force, its cash value and death benefits.</p>	<p>HJS's Financial Professionals receive commissions for the sale of an insurance product directly from the insurance company issuing the policy. The client does not pay HJS directly.</p> <ul style="list-style-type: none"> The amount of the initial sales commission, or first-year commission, paid to HJS's Financial Professionals varies, and is based upon the product, policy structure and the terms of the contract. For life insurance policies, the first-year commission ranges from 65% – 90% of the target premium and from 1.00% – 3.00% of the premium in excess of the target premium. HJS's Financial Professionals will also receive renewals, commissions and/or asset-based cash accumulation values or a combination of both. Renewal commissions are generally between 1.00% – 3.00% of the target premium starting in year two, and generally last between two years and 10 years, depending upon the product 	<p>HJS's revenue structure creates an incentive to recommend third party products that pay higher fees. Our financial professionals make money based on generated gross revenue from various fees you pay – as described here - when you invest in products we offer from a third party.</p> <p>Our financial professionals receive a percentage payout of that gross revenue. The larger the gross revenue, the higher the payout to them. The payout rate is based on production levels and generally ranges from 20% – 50% of the fees generated through the activities discussed here. The incremental compensation model used for our Financial Professionals may give an incentive to recommend certain products over other products for which our Financial Professionals receive more compensation.</p> <p>HJS also receives fees generated by your investment in third party products as described here.</p>
<p>Risk Disclosures</p>	<p>When you purchase a life insurance policy, you are subject to the risk that the circumstances surrounding your death may not be covered by your policy.</p>		
<p>Additional Disclosures</p>	<p>It is very important that you review your insurance policy for a detailed description of the fees and charges. Your insurance policy is provided to you via mail or email before you sign the policy.</p>		

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More Investment Products Information

We encourage you to consult some of those free publicly available sources, including:

EMMA Site. Information about Municipal bonds underwritten by the firm is available on the Municipal Securities Rulemaking Board public site EMMA at <https://emma.msrb.org/>

SEC Site. The Securities and Exchange Commission (SEC) Office of Investor Education and Advocacy provides a variety of services and tools to address the problems and questions you may face as an investor. Visit <https://www.sec.gov/investor/alerts>

FINRA Sites. The Financial Industry Regulatory Authority (FINRA) is a government-authorized not-for-profit organization that oversees U.S. broker-dealers.

FINRA Bond Section of the Market Data Center includes general bond market information such as news, benchmark yields, and corporate bond market activity and performance information, descriptive data on U.S. Treasury, Agency, Corporate and Municipal Bonds, Credit Rating Information from major rating agencies, and price information with real-time transaction prices for Corporate and Agency Bonds (TRACE), Municipal Bonds (MSRB) and end of day prices for U.S. Treasury Bonds. <https://finra-markets.morningstar.com/BondCenter/Default.jsp>

The Fund Analyzer is made available to you for free by FINRA and helps you sort through and compare more than 30,000 mutual funds, exchange-traded funds, exchange-traded notes and money market funds. The Fund Analyzer automatically applies a fund's applicable fees and commonly available discounts. https://tools.finra.org/fund_analyzer/

You may also visit FINRA's page dedicated to investors' education. <https://www.finra.org/about/finra-360/progress-report/investor-education-tools>.

Like additional information?

Please call your HJS financial professional, our general number 1-800-HJS-1935 or visit our website HJSims.com. Download [Form CRS here](#).

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