

Brokerage Relationship Guide

This Brokerage Relationship Guide is designed to provide you, the retail customer, with a roadmap of what you may expect from a Brokerage Relationship with Hantz Financial Services, Inc (“HFSI”, “firm”, “we”, “us”, or “our”). We encourage you to read it in its entirety and ask your Hantz Financial professional questions to which you seek clarification. You may also refer to the firms’ [Form ADV](#), [Form CRS](#), or visit Investor.gov/CRS for a free and simple search tool to research us and our financial professionals.

Capacity Disclosure Requirement

HFSI is a dually registered Broker-Dealer and Investment Adviser with the Securities and Exchange Commission. Unless you instruct us otherwise, we will make recommendations to you that we believe are in your best interest based upon the information you have provided to us and in accordance with federal securities laws. All recommendations regarding a/your *brokerage* account will be made in a broker-dealer capacity, and all recommendations regarding a/your *advisory* account will be made in an advisory capacity. When we make a recommendation to you, we will expressly tell you orally which account we are addressing.

Type and Scope of Services

Our brokerage services include buying and selling securities on your behalf. We are an “introducing” Broker-Dealer which means we will offer securities recommendations, we will only act upon your direction to place orders to purchase, sell, or exchange securities with our “clearing broker-dealer” or with mutual fund or insurance companies, but we will not execute or settle your orders from our firm’s own account in a “principal” or “dealer” capacity. Your brokerage account will be held by our clearing/carrying broker-dealer or a mutual fund or insurance company.

We do not provide account monitoring in conjunction with our brokerage services. Our brokerage service does not include any discretionary authority in regards to your brokerage accounts nor does it authorize us to hold custody of your assets. While we will make securities recommendations, which we will discuss with you, you always make the ultimate decision regarding the purchase or sale of investments. As an introducing broker-dealer, our firm does not maintain custody over your assets nor does it sell its offer proprietary investment products, and you are required to enter into a brokerage account agreement with us or with the mutual fund or insurance product company.

We are dually registered as an investment adviser, and so you may separately engage our financial planning and investment management services—these advisory services are not included in our brokerage services. See our Form CRS for additional comparisons between brokerage and investment advisory services, as well as our firm brochure (Form ADV, Part 2A) describing our investment advisory services.

Material Facts Regarding Conflicts of Interest

Every brokerage firm has conflicts of interest that can affect investment recommendations. We take steps to manage and mitigate conflicts. Our recommendations will include the purchase of investment

and insurance products and related services offered through our firm or its related entities. Our representatives can only recommend products or services that have been specifically approved by our firm and for which we have a selling or servicing agreement with the product sponsor or with the custodian through which the product is made available to us. You are under no obligation to purchase any product or service. If you act on our recommendations, we will receive transaction-related commissions and other fees, as well as other types of compensation (e.g. revenue sharing, marketing fees) in connection with our implementing our recommendations.

A conflict of interest exists to the extent that we or our representatives recommend the purchase or sale of securities where we receive commissions or other additional compensation as a result of the recommendation. However, we have established compliance supervisory procedures in place to help ensure that any recommendations made are in your best interests. You are welcome to discuss with us any concerns you have about our conflicts of interest.

Brokerage Products; Material Fees and Costs

Mutual Funds: We often recommend mutual funds of different kinds to promote portfolio diversification within various asset classes, such as industry sectors, domestic/ international, or equities/ bonds. We will recommend periodic purchases, sales, and exchanges of those mutual fund shares within mutual fund families and between mutual fund families when there are changes to your needs, market conditions, economic developments, and other considerations.

In engaging our securities brokerage services, our registered representatives provide this service and implement securities transactions for your account. When we do so, we will receive transaction-related brokerage commissions, as well as a share of any ongoing distribution or service (12b-1) fees from the sale of mutual funds and variable insurance products.

Typically, mutual fund and insurance companies offer multiple share classes with different expenses, fees, and charges. Sales charges (loads) and internal fees and expenses can have a material impact over time on your investment returns. Depending upon your circumstances and preferences, we will discuss with you and recommend a share class, which could include no-load (no sales charge) or load-waived funds, where no sales-related charges are assessed but which instead internally charge higher internal expenses to their investors to cover their distribution and shareholder servicing costs. More information about share classes is available from the Securities and Exchange Commission (SEC) here (<https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins-61>). Generally speaking, these share classes include:

Class A Shares: Generally impose a front-end sales load and no (or low) ongoing fee to pay for sales and marketing expenses (12b-1 fees). Usually the front-end sales load will decrease at certain breakpoints depending on the size of the purchase and whether the purchase qualifies for a letter of intent or rights of accumulation which under some circumstances will result in a lower sales charge. A front-end sales charge means a portion of the customers funds are not invested and instead pay the front-end charge.

Class B Shares: Generally, do not impose a front-end sales charge but will impose a penalty fee, also known as a contingent deferred sales charge (CDSC) on share redemptions and, commonly,

relatively high 12b-1 or other asset-based fees. The amount of the CDSC usually declines the longer the shares are held. Class B shares often convert to Class A shares after a period of time, usually after the CDSC declines to zero. All of the customer's funds are invested at the time of purchase. These funds will not be referred to as no-load funds since they impose a back-end CDSC.

Class C Shares: Considered to be “level-load” funds. These shares have no front-end sales loads and typically charge no, or a low back-end sales load. Class C shares typically charge a higher annual expense charge than do Class A and B shares.

Share Class Comparisons: The following are useful guidelines for determining which class of shares could be best for you depending on your circumstances, investment goals and time horizons, and anticipated investment amount(s). Generally speaking:

- ❖ The cost advantages of one class versus another must be considered;
- ❖ Class A shares are commonly more appropriate if you intend to remain invested in the fund for a longer period of time. Over time the higher continuing sales charges of Class B and C shares commonly exceed the initial load and smaller 12b-1 fees of Class A shares.
- ❖ Larger purchases typically incur lower costs with Class A shares because of available breakpoints, letters of intent to invest more over time, or rights of accumulation;
- ❖ Class B shares commonly incur lower costs with smaller investments if your investment horizon is presently unknown, so long as you do intend to hold them for longer than the applicable CDSC period;
- ❖ Class C shares might have a 12b-1 fee and a CDSC or front-end sales load, but the CDSC or sales load would be lower than Class B's CDSC or Class A's front-end sales load. Class C shares might not ever convert automatically to a class of shares with a lower 12b-1 fee, meaning you could end up paying more if you hold these shares for a long time.
- ❖ Class I shares typically have a front-end sales load but might have lower overall fees than Class A, B, or C shares; typically these are only available to “institutional investors” making large fund share purchases. These shares could be available through your employer's retirement plan.

A tool for analyzing and comparing different classes is available from FINRA here (https://tools.finra.org/fund_analyzer/).

Depending on the share class recommended by us and selected by you, we can receive continuing 12b-1 fees, sometimes referred to as “trail commissions” from mutual funds and insurance companies based on client funds held in those accounts. 12b-1 fees are internally charged by fund companies to cover their distribution and/or shareholder servicing expenses and are described in each fund's prospectus.

Variable Insurance/ Annuities: Depending on your circumstances, we commonly recommend the purchase of a variable insurance/ annuity products. These products offer a variety of insurance-related features and benefits that other brokerage products or services do not, including for example: lifetime income riders, enhanced death benefits, long-term care riders, and account value guarantees only available through insurance companies. Variable products are complex, more costly, and less liquid than a typical mutual fund, which can make them less favorable for many investors' circumstances. Such fees and costs can include, but are not limited to; mortality, expense and administration charges, benefit and rider fees, sub-account expense charges, premium charges and asset charges. These charges are

internally assessed by the insurance company on a periodic basis and are determined based on account values. This information can also be found in the respective product prospectuses. The appropriateness of these types of brokerage products to your portfolio will depend on many factors that we will consider as part of our internal account review process and our discussion with you.

Generally speaking, the following considerations are guidelines that may be helpful when considering a variable product for your investment account:

- ❖ Your current financial situation including, but not limited to, your estimated cash flow, time horizon, liquidity needs and risks, outstanding debts, net worth, and risk tolerance;
- ❖ Your anticipated overall costs associated with the product;
- ❖ The importance to you of the features, benefits or riders that are associated with the product;
- ❖ The surrender charge schedules and associated fees that may be incurred by you if some or all of your investment is withdrawn, temporarily or permanently, from your account.

Additional Cash and Non-cash Compensation:

Like other broker-dealers in the securities industry, we have marketing agreements with various product suppliers (e.g. mutual funds, annuity and insurance companies, privately offered limited partnership sponsors). Marketing agreements generally provide for the payment to us of marketing fees or credits in addition to stated transaction-related commissions. These arrangements pay, reimburse, or credit us for various types of marketing and support services are sometimes referred to as “preferred supplier” relationships, and are only available to those broker-dealers with significant on-going relationships with the product company or sponsor. This cash compensation is paid by the sponsoring company in part to help bear the cost incurred by the broker-dealer for marketing and training related to their products.

Receipt by our firm and our related persons and representatives, including your financial professional, creates a conflict of interest. However, we seek to mitigate these conflicts by having our compliance department perform reviews of client accounts and by training our representatives to put client interests first and to match the benefits and features of investment products to individual client needs without regard to our own interests. Information regarding specific marketing agreements can be found in the product’s prospectus.

Separately, we have provided (and annually update) a table containing the current names of our preferred supplier firms, the preferred supplier products that, depending on your circumstances, we may recommend to you, and an estimate of the annual payments that we have historically received from those companies for marketing, training, or similar support services. Please refer to that disclosure document for specific information about the supplemental compensation we receive from our “preferred providers”.

We will also receive from most product companies additional non-cash compensation and support such as various kinds of marketing materials and promotions such as pens, pencils, cookies, candy, notepads, caps, clothing, meals, training programs, wholesaler specialists for product-specific consultation, event and seminar sponsorships, and tickets to various concerts and sporting events. This additional compensation is not based on a written agreement or sales performance, but is provided at the sole discretion of the product company or its representatives.

Account Type Recommendations: Our recommendation and your selection of one or more account types is influenced by the following considerations, among other factors that will depend on your circumstances :

- ❖ Your desired services may only be available within certain account types; for example, active management (advisory) vs. “buy and hold” (brokerage), on-going account monitoring (advisory) vs. one-time recommendation (brokerage); risk mitigation through a diversified investment strategy (advisory) vs. a product’s insurance features (brokerage);
- ❖ Your existing portfolio holdings, at the outset of your client relationship, and the anticipated materiality and/ or timing of changes in your portfolio’s composition based on our recommendation and your selected investment strategy to be followed;
- ❖ The anticipated amounts, types of investments, investment strategy, and level of anticipated trading activity in your account(s);
- ❖ The anticipated scope of service(s) to be provided to you (and related compensation we receive), as reflected in the applicable product company’s selling and service contract(s);
- ❖ Depending on your specific needs or desires, more than one account with differing compensation arrangements is often appropriate and, as such, our rationale(s) for each account type recommendation should be considered.

Supplemental Information

This Brokerage Relationship Guide is intended to provide a general overview of our available transaction-based brokerage services and your relationship with us with respect to these types of accounts. As our representatives are working with you, we will supplement this general information to provide additional transaction-specific information relevant to you, our recommendations, and your decision-making. Our supplemental information and related disclosures, orally and in writing, will be based on your specific facts and circumstances and the proposed transaction. For example, our brokerage account agreement contains important information. If you direct us to purchase brokerage product or services, you will typically be asked to complete an application to the product company. Your applications to purchase securities or investment products will also contain important information.

We reserve the right to amend this Brokerage Relationship Guide from time to time, with notice to you, and to supplement and amend this information in the context of specific transactions for your account.

More information

If you have questions about the information provided in this Brokerage Relationship Guide, please ask our representative who is working with you. If you ever have any additional questions or concerns, please do not hesitate to contact our firm’s Compliance Department at 248-304-2855. We highly value our relationship with you, and look forward to working with you in the years ahead. We also welcome and very much appreciate your referrals of our firm to your family and friends.