



We value our relationships, and as a client of Cetera Investment Services LLC and its insurance subsidiaries (herein referred to as Cetera Investment Services), and one of our financial professionals, we make it our business to strive to help you achieve your financial goals and objectives. So, whether you are a new or long-time investor, saving for college or accumulating wealth for retirement, we can help by making it easier for you to invest and manage your money. We offer a wide variety of services, products and resources that help meet your investment needs.

We want to ensure that before you make an investment, you understand your rights and responsibilities, as well as the risks and costs associated with investments. Investing is serious business and investments involve risks that can result in losses. That's why we developed this valuable information. We believe that providing you the information you need to make sound decisions is the first and most important step in developing a lasting relationship. Please take a moment to read each section carefully. Our firm and your financial professional are available to answer any questions.

OUR FIRM

Cetera Investment Services is a broker-dealer that provides a wide variety of investments and services. As a securities brokerage firm, our firm is regulated by the United States Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority, Inc. (FINRA), and is subject to the rules of those entities as well as the rules of the Municipal Securities Rulemaking Board (MSRB) and all 50 states. The goal of these various entities is to ensure fair and efficient securities markets and provide for the fair treatment of investors.

Our firm fully supports the efforts of these agencies and is an advocate of full and fair disclosure of information to you as our client. We have developed an extensive set of policies and procedures applicable to our business, and expect high standards of conduct from our financial professionals.

WORKING WITH YOUR FINANCIAL PROFESSIONAL

Your financial professional has autonomy in managing his/her own activity. In dealing with your securities investments as a registered representative of Cetera Investment Services, your financial professional acts in accordance with our firm's policies. The following information is important to your working relationship with your financial professional.

Your Rights as an Investor

Clients have the right to high standards of professionalism from their financial professionals. The following is what you can expect to receive from our firm and your financial professional:

- Courteous and timely service from your financial professional and all other associates and employees of our firm.
- The ability to select your own financial professional or request a different one if you are not satisfied.
- Confidential treatment of personal information (please see our Privacy Policy at www.ceterainvestmentservices.com).
- Investment suggestions based upon our understanding of your financial needs, goals and objectives.
- Receive a copy of the current prospectus, and review the potential risks, benefits and costs of the suggested transactions.
- Information that is on our firm's website with respect to compensation, commissions, and potential conflicts of interests.
- Timely execution of transactions.
- Account statements that are accurate and easy to understand for securities that are purchased in your brokerage account(s).
- Prompt response to any questions or concerns you have, and fair resolution of any problems with your account(s).
- On request, information regarding your financial professional's experience and industry background.

It is important to realize that securities investments:

- Are not deposits and are not FDIC/NCUSIF insured;
- Are not insured by any federal government agency;
- Are not guaranteed by any bank or credit union or by Cetera Investment Services;
- May fluctuate and/or decline in value; and
- May be illiquid in certain circumstances, which means that they cannot be readily sold.

Your Responsibilities as an Investor

You also have important responsibilities when it comes to working with your financial professional. To ensure the best possible relationship with our firm and your financial professional, you as our client and as an investor should:

- Provide complete information to your financial professional about your income; net worth; tax status; investment experience; occupation; age; dependents; investment experience and risk tolerance; and other information as requested. Inform your financial professional about mutual fund holdings you may have at other broker-dealers, banks or trust companies, or



held directly with a mutual fund company (including those you may hold in a retirement plan or as part of an annuity). This is to ensure that you can receive any appropriate discounts on purchases you make through our firm.

- Be open and clear about your current financial situation and objectives, and contact your financial professional immediately if your circumstances change. To best serve you, your financial professional must be aware of all relevant facts.
- Assume decision-making responsibility for your investments. You can expect your financial professional to offer more than one alternative for investing. You should evaluate the advice of your financial professional and determine which actions are best. Also, educate yourself in the basics of financial markets and the nature of risk and other aspects of investing. You should be able to make a reasoned judgment about investment recommendations. It is your responsibility to make decisions about your account and investments.
- Consider carefully the validity and reliability of investment information obtained from all sources, especially unsolicited information obtained over the Internet.
- Request and carefully read prospectuses and other materials before making any decisions. It is important that you have a clear understanding of the potential risks and benefits of each investment you make. If you have any questions about the information, ask your financial professional.
- Review all statements and confirmations and report any errors to your financial professional immediately. Your financial professional should be able to quickly provide you with answers to your questions.
- Review your holdings on a regular basis and whenever your financial circumstances change.
- Have cash or securities available in your account at the time of a transaction. The SEC requires payment for purchases of securities by settlement date, which is usually between one to three business days.
- Never make a check or money order payable to your financial professional nor give your financial professional cash to make an investment purchase.
- Do not loan any money or securities to, or borrow from, your financial professional. Do not make any investment in any business or venture in which your financial professional is involved in the organization or management of the business, unless the investment is made through our firm and your funds for the purchase are forwarded to our firm.

- Do not authorize or permit your financial professional to act as personal custodian of your securities, stock powers, money, or other real or personal property you own. You should not give your financial professional any personal identification numbers (PIN) for bank accounts or securities accounts, or expect them to transfer money from those accounts for any purpose.
- Ask questions. Your financial professional is there to serve you and you should feel free to ask any question about any aspect of your account or a transaction.
- Inform your financial professional if you do not understand his or her suggestions and explanations. You should not invest if you do not understand the suggestions, explanations, products, services, or risk.

How Our Firm and Your Financial Professional Receive Payments for Services

We believe that it is important for you to understand how our firm and your financial professional get paid for services. For this reason, we have prepared a separate document describing our compensation. That document, entitled *Important Information About Your Cetera Investment Services LLC Financial Services Inc. Relationship, including Cetera Investment Services' Privacy Policy and Account Agreement Disclosure Supplement* can also be found on our website at www.ceterainvestmentservices.com. You should read this document, as it provides more information than we have set out below.

Our firm is in the business of providing financial suggestions that result in the execution of securities or insurance transactions, or the rendering of investment advice. In general, our firm offers you as our client a choice of how to compensate your financial professionals. You may either pay a commission for each transaction or, under certain circumstances, pay an asset management fee, or a combination of both. Our firm retains a portion of these fees, as does the financial institution where you obtained our services, and your financial professional.

Where you pay a commission for a securities transaction, you can expect full disclosure of that cost. The commission varies by product type and company, depending on the investment purchased. If in doubt as to how much the commission will be, ask your financial professional before making an investment. Where you pay an asset management fee for advice instead of a per-trade commission, you will be charged on a quarterly basis based on the value of your account. In this arrangement, you will enter into a specific contract for investment advisory services with your financial professional and our firm that details the amount of the fee to be paid.



In addition to the fees and commissions described above, our firm receives compensation from select advisory, mutual fund and insurance companies, as well as other product manufacturers or distributors.

Your Financial Professional's Other Businesses

Nearly all of Cetera Investment Services' financial professionals, in addition to offering securities through Cetera Investment Services, are also employees of a financial institution, such as a bank or credit union. Some financial professionals' duties consist solely of providing securities services through Cetera Investment Services. Others may have additional duties on behalf of their employer financial institutions for which Cetera Investment Services is not responsible. Some financial professionals may engage in other business activities outside of Cetera Investment Services and their employer financial institution, after giving prior notice to Cetera Investment Services and receiving approval from their employer financial institution.

When acting as your registered representative, your financial professional may only recommend products approved by our firm, and sales or purchases of these products may only be done through our firm. When engaged in the non-securities related activities noted above, your financial professional is not acting as a representative or agent of Cetera Investment Services and is not subject to the rules and regulations of the SEC, FINRA and other securities regulatory bodies, although he or she may be subject to other regulations. You should independently assure that your financial professional is properly qualified to engage in non-securities related activities before agreeing to conduct any of these businesses with him or her. Do not hesitate to contact our home office by writing to the attention of the Compliance Department at Cetera Investment Services, 400 First Street South, Suite 300, P.O. Box 283, St. Cloud, MN., 56302-0283 if you have any questions about your financial professional.

IMPORTANT THINGS TO KNOW ABOUT INVESTING

As a firm, we offer a wide variety of investments, some of which are quite complex. You should always educate yourself about a particular investment before purchasing it. You should always read prospectuses and other documents you receive concerning your investment. We have included the following general information to assist you and not as a substitute for your reading the more complete documents relating to your specific investment.

Keys for Investing

Every investor should know the basic "keys" for better investing. One of the most important steps in striving to attain your financial objectives is to establish a long-term relationship with your financial professional. A financial

professional must be educated in investments and techniques of investing and care about his or her clients. Our financial professionals receive regular training and are dedicated to helping you reach your financial goals.

Once you have established a relationship with your financial professional, we suggest the following rules of investing that should be followed throughout your relationship:

1. Stay in frequent touch with your financial professional. Be honest about your concerns and ask questions about risks or transaction charges.
2. Approach investing like you would any important goal: Get involved in the process. First, gain an understanding of your starting point. What are your resources, your risk tolerance, your time horizon, and your goals. Second, design an investment plan suited to your individual circumstances. Third, monitor your results and make adjustments if necessary to keep yourself on track. Your financial professional has the tools and skills to help guide you through the process.
3. If an investment seems too good to be true, it probably is. Be wary of stock tips and other promises of high returns. The first rule of investing: Higher investment returns are usually accompanied by higher risks. Don't reach for unrealistically high returns.
4. Diversify over a broad spectrum of investments. Your financial professional can help you select asset classes that are appropriate for you. While diversification may help reduce volatility and risk, it does not guarantee future performance.
5. Be patient. Stick to your plan. Consider employing a dollar cost averaging strategy and approach the market with a long-term point of view. Dollar cost averaging does not ensure a profit and does not protect against loss in a declining market. Such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities. Investors should consider their financial appetite to continue their purchases through market volatility.
6. Don't succumb to fear when the market is dropping and don't become greedy when prices are rising. Emotions can be the greatest enemy to your long-term investment plan. Don't try to "time" the market as no one can do it successfully all the time.
7. Educate yourself about the investment under consideration and do your best to understand the risks, costs and liquidity of any investment you make. If you don't understand any information in a prospectus, ask your financial professional to help explain the information.



8. If you are investing in mutual funds, ask about breakpoint availability in the funds.
9. Consider asset allocation—a tactical, sophisticated long-term approach to investing. Asset allocation provides the blueprint, which helps you diversify your assets into the appropriate asset classes with proper balance. Again, your financial professional has the tools and skills to help you. Asset allocation, which is driven by complex mathematical models, should not be confused with the much simpler concept of diversification. Neither asset allocation nor diversification guarantees future performance.
10. It is better to err on the side of being conservative than too aggressive.

These keys for investing are common-sense rules that should give you a higher probability of success. Remember though that there are no “guarantees” in investing, and a disciplined approach to investing, working with your financial professional, will help you in the pursuit of your financial objectives.

Securities Products and Costs of Investing

Commissions are not the only costs involved in certain securities transactions. Certain securities products have internal expenses that may affect the return on your investment. The costs associated with a particular security are described in the prospectus and you should carefully read that information. Listed below are some general cost considerations for more common securities products.

Stocks and Bonds

Our firm usually transacts purchases and sales of stocks on an agency basis. This means that as the broker-dealer, we act as your agent for these transactions and receive a commission. Stock commissions generally range from 1 percent to 5 percent, depending on the size of the trade and the number of shares. The commission is added to the purchase price or subtracted from the sale price of the transaction. We usually transact purchases and sales of bonds on a riskless principal basis. This means that when we have your order to buy a bond, we purchase it for our own account and simultaneously sell it to you, adding our charge to your price. When we have your order to sell, we purchase it from you and resell it simultaneously to another party, subtracting our charge from your price. There may also be other charges for the transactions, which are detailed on your confirmation.

Mutual Funds

Mutual funds have a more complex cost structure than stocks and bonds. These costs can include, among other things, commissions (generally referred to as “loads” or

“sales charges”) and distribution and marketing costs as well as internal expenses. The costs are set by the mutual fund company and are described in the fund’s prospectus and Statement of Additional Information.

The various costs for a particular mutual fund generally vary depending on the class of fund you decide to purchase and, in some circumstances, how much you invest. Different mutual funds have different classes and more classes are evolving all the time. The most common types of mutual fund classes are described below.

Class A Shares

In purchasing Class A mutual fund shares, you can expect to pay a front-end sales charge usually referred to as a “load,” unless you are purchasing the shares in an advisory account or are purchasing a large amount (usually \$1 million or more) in the same mutual fund family. The load is included in the price you pay and is the source of compensation paid to our firm, the financial institution where you obtained our services and your financial professional. The amount you pay for the investment less the “load” is what gets invested in the mutual fund. Class A shares, as with other mutual fund classes, also have internal expenses that are paid from the assets in the fund and affect your return on investment. These are described in the mutual fund prospectus.

The amount of the sales load on Class A shares varies by fund family and also varies within a fund family depending on the amount you purchase. As you purchase more Class A shares within a fund family, the amount of the load gets lower. The point at which a purchase of Class A shares qualifies for a reduced sales charge or load is called a “breakpoint.” The breakpoints are described in the fund prospectus and are important for you to consider in making a mutual fund Class A share purchase. In determining when you reach a breakpoint, mutual funds will often consider your prior purchases in all of your accounts, including your retirement accounts, such as your pension plan, 401(k), IRA, etc., as well as purchases you intend to make in the near future, and purchases made by your immediate family members. When you purchase Class A mutual fund shares, you should ask your financial professional about the availability of breakpoints and fully disclose all purchases made by you and your family, even if made through another broker-dealer, bank, trust company or directly with the mutual fund company. Without knowledge of all of your mutual fund holdings, your financial professional cannot determine whether you are entitled to a breakpoint, or which alternative investments are best for you.

Class B Shares

Class B mutual funds shares generally do not have a front-end sales charge. Instead, all of your money is invested in the mutual fund and our firm is compensated from the internal



expenses of the mutual fund. However, Class B mutual fund shares generally have a back-end sales charge, which means that if you sell your Class B shares within a specified number of years, you will pay a sales load at that time. Also, Class B shares generally have higher internal expenses than Class A shares have so your return over time may be lower than it would be had you purchased Class A shares, even with the front-end sales load that Class A shares carry. Therefore, depending on how much you have invested or intend to invest and how long you intend to hold the funds, Class A shares may be better suited for your investment needs. Class B shares will usually convert to Class A shares if you hold them for a long period of time.

Because of the internal costs associated with Class B shares, and the availability of breakpoints on Class A shares, we may restrict the amount of Class B shares that you may purchase through your financial professional. Upon request, your financial professional can provide a calculation that compares the cost of a Class B share to a Class A share.

Class C Shares

Class C shares generally have no front-end sales load or a sales load that is smaller than the front-end sales load charged on Class A shares. Class C shares often have a back-end sales load if you sell the shares within a short period of time, generally one year. Class C shares usually have higher internal expenses than both Class A and Class B shares, which will affect your investment performance if you hold the funds for a long period of time. Unlike Class B shares, most Class C shares will not convert to Class A shares over time.

Like B shares, because of the internal costs and the availability of breakpoints, we may restrict the amount of Class C shares you may purchase through your financial professional. Again, upon request, your financial professional can provide a calculation that compares the cost of a Class C share to a Class A share.

Deciding Which Mutual Fund Share Class Is Right for You

Deciding which mutual fund share class is right for you takes careful thought. In general, you should consider and discuss with your financial professional:

- How much you are investing today
- How much you intend to invest in the near future
- How much of a particular mutual fund you or your immediate family members already own
- How long you intend to hold the funds
- What is the sales charge or load that you will pay and how much are the internal expenses of the mutual fund that will affect the value of your investment over time

- What are your goals and objectives for purchasing the mutual fund
- How much time you are willing to invest in following the performance of the mutual fund managers

Both the SEC and FINRA maintain websites at www.sec.gov and www.finra.org that have mutual fund expense calculators. Our firm also has a calculator on our website at www.ceterainvestmentservices.com. These calculators can help you compare and evaluate the costs and expenses of purchasing different fund share classes. There are also other materials that more fully explain mutual funds on FINRA's website at www.finra.org, which we invite you to read. Your financial professional can help you calculate which fund and which fund share class is best for you.

Investors should consider the investment objectives, risks, charges, and expenses of the variable annuity carefully before investing. The prospectus contains this and other information about the variable annuity. Contact the issuing company or your financial professional to obtain a prospectus which should be read carefully before investing or sending money.

Variable Annuities

A variable annuity is a contract between you and an insurance company. It is both a security and an insurance product. The insurance company agrees to make periodic payments to the owner (or beneficiary) beginning either immediately or at some future date. You can purchase variable annuities either by making a single payment or a series of payments. Variable annuities can help you accumulate tax-deferred earnings as part of your overall retirement plan. They are designed to be long-term investments and are not suitable for meeting short-term goals because substantial taxes, penalties and charges can apply if you withdraw your money early.

Variable annuities involve market risk. Variable annuities offer a range of investment options and the market value of your variable annuity will vary depending on the performance of the investment options you choose. The investment options within a variable annuity usually include stocks, bonds, money market instruments or some combination of these investments. The available investment options you choose are usually referred to as "sub-accounts."

Variable annuities are complex investment products and it is important that you understand how they work. Although the investments in the sub-accounts are similar in many respects to mutual funds, the fees and expenses may differ. Variable annuities, like other securities, are sold through a prospectus that you should read carefully before purchasing.



Below are the general features of a variable annuity.

Annuity Pay-out Option

Variable annuities allow you to receive periodic payments for the rest of your life or the life of your spouse or any other person you designate, and offer protection against the possibility that, after you retire, you will outlive your annuity income.

Death Benefit

If you die before you begin to receive periodic payments on your annuity, your beneficiary is guaranteed to receive a specific amount—typically at least the amount of your purchase payments less any withdrawals, even if the current value has declined below the guaranteed amount.

Tax-Deferred Compounding

Earnings on a variable annuity grow on a tax-deferred basis. This means that income taxes that would have been paid on interest and dividends, or capital gains taxes on investments, are deferred until you make a withdrawal from the account. It is important to note, however, that when you withdraw your money from a variable annuity, you will be taxed at ordinary income rates rather than the lower capital gains rate (if applicable) you would pay on other investments. In general, the benefit of tax deferral may outweigh the costs of a variable annuity only if you hold it as a long-term investment.

It is important to note that if you purchase a variable annuity through a tax-advantaged retirement plan such as an IRA, 401(k), 403(b) or Keogh plan, you will not get any additional tax advantage from the variable annuity. You should consider whether your annuity investment would be more appropriate in a non-tax-advantaged account. You should consider buying a variable annuity in your tax-advantaged plan only if it makes sense because of its other features, such as lifetime income and death benefit protection. The tax rules applicable to variable annuities are complicated and you should consult with your tax professional before investing in a variable annuity.

Step-Up Basis

The growth of an annuity is fully taxable as income, both to you and your heirs. Upon inheritance, the proceeds of most variable annuities do not receive a “step-up” in cost basis when the owner dies. This means that the IRS treats the annuity as though your heirs just earned it; and they must pay income tax on it now.

Tax-Free Transfers

You can transfer your money from one investment option to another within a variable annuity without paying taxes at the time of the transfer, subject to any limitations imposed by the insurance company as described in the prospectus.

Variable Annuity Fees

Variable annuities may impose a variety of fees when you invest in them. You should read the prospectus carefully to determine which fees are applicable. Below are some of the more common variable annuity fees.

Surrender Charges

Most variable annuities do not charge an initial sales charge. Our firm, the financial institution where you obtained our services and your financial professional are compensated from the internal expenses of the product. That means that 100 percent of your funds are available for investment in the sub-accounts. However, insurance companies usually do charge a deferred sales charge if you withdraw money from the variable annuity during a certain period of time described in the prospectus. Generally, the surrender charge is a percentage of the amount withdrawn and declines gradually over a period of years. Some contracts will allow you to withdraw a specific percentage of your account value without paying a surrender charge. However, withdrawals are subject to applicable income taxes and, if taken before age 59½, an IRS penalty.

Mortality and Expense Risk Charge

This charge compensates the insurance company for insurance risks it assumes under the annuity contract. These charges are deducted as a percentage of the value of the sub-accounts, usually in the approximate amount of 1.25 percent, and vary from one company to another.

Administrative Fees

These fees cover the administrative costs associated with servicing the variable annuity, including the cost of transferring funds between sub-accounts, tracking purchase payments, issuing confirmations and statements, record keeping and other customer service activities. Administrative fees are also deducted from the value of the sub-accounts.

Underlying Fund Expenses

This annual fee covers the fees and expenses imposed by the investment fund management and administration that manage and administer the underlying investments in your variable annuity. Fund expenses include the cost of buying and selling securities and administering trades. These expenses are assessed on the value of the sub-accounts.

Determining Whether to Purchase a Variable Annuity

Before you invest in a variable annuity, it is important that you read the prospectus and fully understand the features of the annuity and its fees and expenses. You should consider and discuss with your financial professional whether:

- You will use the variable annuity primarily to save for retirement or similar long-term goal.



- You are willing to take the risk that your account value may decrease if the underlying investment options perform poorly.
- You intend to remain in the variable annuity long enough to avoid paying any surrender charges.
- Your age makes a variable annuity less attractive.
- You could purchase some of the features of the annuity, such as long-term care insurance, more inexpensively.
- You have other investment vehicles available, such as IRAs and employer-sponsored 401(k) plans that also provide tax-deferred growth and other tax advantages. As a general rule, it may be more advantageous for you to make the maximum allowable contribution to your IRA or 401(k) plan before investing in a variable annuity. If you are purchasing a variable annuity in your tax-advantaged plan (such as an IRA), you will receive no additional tax advantage from a variable annuity. Under these circumstances, a variable annuity may be suitable only if its other features, such as lifetime income payments or death benefit protection, are important.
- You have a need for liquidity. Variable annuities cannot be sold quickly or inexpensively converted to cash.

Investors should consider the investment objectives, risks, charges, and expenses of the variable annuity carefully before investing. The prospectus contains this and other information about the variable annuity. Contact the issuing company or your financial professional to obtain a prospectus which should be read carefully before investing or sending money.

Variable Life Insurance

Variable life insurance is an insurance policy that, like traditional life insurance, offers a death benefit that represents the amount the life insurance company is obligated to pay upon the death of the insured. Unlike traditional life insurance, however, variable life insurance also has an investment element. Premium payments on a variable life insurance policy, after deducting sales expense charges, are placed into sub-accounts. The sub-account value is subject to market risk and can fluctuate in value, based on the performance of the investments made. Generally, the insurance company guarantees the original face amount of the policy as a death benefit as long as premiums are timely made or the cash value in the account is sufficient to pay the premiums.

Typically, the main charges associated with a variable life insurance policy include front-end sales loads, back-end sales loads, administrative charges, cost of insurance and mortality and expense risk charges, all of which can vary significantly depending on the insured's personal circumstances, such as age, health and the amount of the policy.

As with any investment, it is important to read the prospectus carefully before purchasing a variable life insurance policy and to understand the costs involved in the product.

There is a surrender charge imposed generally during the first 5 years to 7 years that you own the contract. Withdrawals prior to age 59½ may result in a 10 percent IRS tax penalty, in addition to any ordinary income tax. The guarantee of the contract is backed by the financial strength of the underlying insurance company. Investment sub-account value will fluctuate with changes in market conditions.

Other Investments

As your broker-dealer, our firm offers other investments in addition to those described above, each with its own cost structure. Your financial professional can explain these products to you and the costs involved in purchasing them.

UNDERSTANDING YOUR INVESTMENT RISKS

All investments carry some risk and it is always possible to lose money when you invest in any securities product. Apply the same principles when making any investment—understand what you are purchasing and how much it will cost you. Below are some of the risk considerations in making investments.

Market Risk

Your investment's principal value may fluctuate from day to day depending on a variety of factors. Global events, events in the United States or just a change in market psychology can affect how your investments perform. Fluctuations in investment values may be short-term and not indicative of long-term performance.

Company Risk

The value of any company's stock is affected by current expectations for how that company or other similar companies may perform, independent of market risk.

Interest Rate Risk

Bonds fluctuate depending on movements in interest rates. Generally, short-term bonds are less impacted by interest rate movements than long-term investments. Bond values tend to move inversely to interest rates (e.g., when interest rates go up, bond values go down.)

Credit Risk

Common to bonds, the lower the credit worthiness of your investment, the higher its yield and risk in comparison to investments with a higher credit rating.

Liquidity Risk

Risk involved when some securities are not readily available to convert to cash.



Currency Risk

Certain investments in foreign securities, or in securities that invest in foreign investments, can be subject to fluctuations due to the value of the dollar compared to the currency of other nations.

Securities Risk

Some securities are prone to greater risk factors. Typically, low priced securities, newly issued securities, low-rated or un-rated fixed income securities and securities for which there is no ready market and cannot be readily sold (such as limited partnerships) are considered more speculative in nature than the securities of more mature, seasoned companies. Securities are available with all levels of risk and potential reward.

Margin Risk

Occasionally, you as an investor may use "margin" to purchase securities. This means that you open a margin account and borrow the funds from your broker-dealer to pay for all or part of an investment. Margin accounts are not appropriate for all investors. When using margin, the client agrees to allow our firm to use the securities in the account as collateral for repayment of the loan amount and agrees to a specific interest rate for the loan. If the securities decline in value, so does the collateral supporting the loan and the client must either add additional funds to the account or our firm may have to sell some of the securities in the account to maintain the equity in the account that is required by law or by our firm's in-house requirements. We can choose which securities in the account to sell. The client is responsible for any shortfall in the account after such a sale. We will usually contact a client before selling securities in the account to meet margin requirements, but are not required to do so.

Therefore, the use of margin in an account can increase the impact on the client of a decline in the value of the client's securities. Before entering into any margin agreement, you should thoroughly discuss all of the risks and requirements with your financial professional.

Risk Tolerance and Diversification

Every investment you make can be affected by one or more of the risks noted above. There is no escaping the fact that you always face a degree of risk when you invest. For that reason, it is important to consider your risk tolerance, investment timelines and goals before making an investment decision.

Diversification is a basic principle of investing that helps balance potential returns against risk. Rather than putting all of your assets in one type of investment, you can diversify among several different types of investments with different characteristics.

Another way to reduce risk is to take a long-term approach to investing. This gives you the opportunity to ride out market fluctuations and realize potential market returns over a period of time. Your financial professional can help you determine your risk tolerance, timeline and goals and work with you to develop a personal investment plan that makes the most sense for you.

THE CETERA INVESTMENT SERVICES ADVANTAGE

There are many advantages to working with a Cetera Investment Services financial professional and holding your securities in a brokerage account through us. These advantages include:

- Buying and selling securities with a simple call to your financial professional.
- Cetera Investment Services is a member of the Securities Investor Protection Corporation (SIPC), which protects securities customers of its members up to \$500,000 (including \$100,000 for claims for cash). An explanatory brochure is available upon request or at www.sipc.org.
- Confirmations of transactions (unless you purchase directly from a mutual fund company that issues its own communications) that show all the pertinent information about your securities transaction including what you purchased, how much you paid, and commissions.
- Account statements that include a complete, detailed report of your account.
- Composite 1099 forms showing your calendar year's income.
- Simplified record keeping and dividends and interest payments that are promptly credited to your account.
- Annual reports, proxy statements and other investment materials that are forwarded to you.

Our firm's and your financial professional's goals are to provide you with advice, investment alternatives and services designed to help you attain your financial objectives. Should you have any questions about your account, please contact your financial professional or Cetera Investment Services at 800.245.0467.