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Important Information Regarding Your HD Vest Account

H.D. Vest Investment ServicesSM (HD Vest) is the broker/dealer through which your Advisor offers brokerage and securities products. As the broker/dealer that holds your account, we are providing you the following important information which you should review carefully and retain for your records.

Securities Transactions Effected Through HD Vest

- The responsibilities of HD Vest relate specifically to securities-related products and do not apply to any other products or services you may obtain from your Advisor. Your Advisor is an independent contractor who may offer additional products and services outside his/her relationship with HD Vest. For example, HD Vest does not provide or supervise tax, accounting, payroll or legal services.

- All payments for the purchase of securities or insurance through HD Vest should be made by check or ACH transfer payable to a mutual fund company; First Clearing, LLC; or insurance carrier — not to an Advisor or his or her independent company. When you purchase an investment product in a brokerage account through HD Vest, you will receive a confirmation of the transaction and an account statement referencing HD Vest. When you purchase an investment product directly from a mutual fund or insurance company, you will receive a confirmation and statement directly from that company and not HD Vest. If you believe you made an investment through our company, but did not receive a confirmation referencing HD Vest, please call us at (866) 218-8206, option 2.

- It is very important that you review all confirmations and statements that you receive from HD Vest or directly from mutual fund or insurance companies on a timely basis to ensure that all transactions in your accounts, including deposits and withdrawals, are accurate and were effected in accordance with your instructions. If you believe you made an investment through HD Vest, but you did not receive a confirmation referencing HD Vest, please call us immediately at (866) 218-8206, option 2.

- Additional information about HD Vest, including additional disclosures, can be found on our website at www.hdvest.com.

- Any complaints regarding your investments should be directed to the HD Vest Compliance department at (866) 218-8206, x4790.

Verification of Account Information

To help fight the funding of terrorism and money-laundering activities, federal law and contractual obligations require that HD Vest obtain your name, date of birth, Social Security number, address and government-issued identification number to verify your identity before opening your account. In certain circumstances, HD Vest may obtain and verify this information with respect to any person(s) authorized to effect transactions in an account. For certain entities, such as trusts, estates, corporations, partnerships or other organizations, identifying documentation is also required. Your account may be restricted and/or closed if HD Vest cannot verify this information. HD Vest will not be responsible for any losses or damages (including but not limited to lost opportunity) resulting from any failure to provide this information, or from any restriction placed upon or closing of your account.

Any information provided to HD Vest may be shared by HD Vest with third parties for the purpose of validating your identification and may be shared for other purposes in accordance with any applicable privacy policy of HD Vest. Any information you give to HD Vest may be subject to verification, and HD Vest is authorized to obtain a credit report about you at any time. Upon written request, you will be provided the name and address of the credit reporting agency used. HD Vest also may monitor or record conversations with you in order to verify data about any transactions you request.
Glossary of Terms

Investing involves risk, and different investment products involve different degrees of risk. In general, the higher the expected or potential return on a product or strategy, the greater the risk that you might lose some or all of your investment. Investments should be chosen based on your particular situation, including your objectives, investment time horizon, liquidity needs and tolerance for market fluctuations. If you need the funds in your account to meet ongoing or special expenses (e.g., mortgage, college, car purchase), then you should invest in a more conservative manner that limits your risk of loss. The following is a general description of the suitability information that will be used to make recommendations to you and review your account. Please review these definitions to ensure that your account is being handled consistent with your objectives. You should communicate information relevant to assessing your needs to your Advisor, and update your account profile regularly as your needs change.

The following are definitions of the various choices for investment objective. The selections you have made can be found on your Account Information Reference Sheet.

**Income — Conservative** investors seek to generate income consistent with a lower degree of risk. Although there is some risk of loss of principal, the overall account is designed to limit this risk in exchange for a lower level of income. Equities and high yield bonds typically will not be included in the account. Conservative investments are typically for investors who have short-term liquidity needs, or are unwilling to accept the potential loss of significant principal in the hope of achieving greater long-term returns.

**Income — Moderate** investors seek to balance increased potential risk of loss with increased income potential. A limited amount of higher risk investments such as equities and high yield bonds will typically be used in the account. Because the account is subject to market risk, you should only invest in this manner if you do not have short-term liquidity needs, and can otherwise accept the potential loss of significant principal in the hope of achieving greater long-term returns.

**Income — Long-Term** investors seek to maximize income, and due to their long-term time horizon or other factors, they employ higher risk, more aggressive strategies that may offer higher potential income. Investments that involve significant risk, such as equities and high yield bonds, may be a significant percentage of the account. Because the account is subject to substantial market risk, you should only invest in this manner if you do not have short-term liquidity needs and can otherwise accept the potential loss of significant principal in the hope of achieving greater long-term returns.

**Growth & Income — Conservative** investors seek to generate a blend of income and growth of principal consistent with a lower degree of risk. Although there is a risk of loss of principal, the overall account is designed to limit risk in exchange for lower anticipated returns. Higher risk investments, such as equities and high yield bonds, may be included in the account, but generally will not be a significant percentage of the account. Conservative investments are typically for investors who have short-term liquidity needs, or are unwilling to accept the potential loss of significant principal in the hope of achieving greater long-term returns.

**Growth & Income — Moderate** investors seek to balance potential risk of loss with higher potential income and growth of principal. Higher risk investments, such as equities and high yield bonds, will generally be included in the account. Because the account is subject to market risk, you should only invest in this manner if you do not have short-term liquidity needs and can otherwise accept the potential loss of significant principal in the hope of achieving greater long-term returns.

**Growth & Income — Long-Term** investors seek a significant level of growth and income, and due to their long-term time horizon or other factors, they employ higher risk, more aggressive strategies that may offer higher potential returns. Higher risk investments, such as equities and high yield bonds, may constitute a significant portion of the account. Because the account is subject to substantial market risk, you should only invest in this manner if you do not have short-term liquidity needs, and can otherwise accept the potential loss of significant principal in the hope of achieving greater long-term returns.

**Growth — Conservative** investors seek growth consistent with a lower degree of risk. Although all growth portfolios involve some risk, they are willing to accept lower potential returns in exchange for lower risk. Higher risk investments, such as equities and high yield bonds, may be included in the account, but generally will not be a significant percentage of the account. Because the account is subject to market risk, you should only invest in this manner if you do not have short-term liquidity needs, and can otherwise accept the potential loss of some principal in the hope of achieving greater long-term returns.

**Growth — Moderate** investors seek to balance potential risk with their goal of higher potential growth. Equities may be a significant portion of the account. Because the account is subject to market risk, you should only invest in this manner if you do not have short-term liquidity needs, and can otherwise accept the potential loss of principal in the hope of achieving greater long-term returns.

**Growth — Long-Term** investors seek to generate significant level of growth, and due to their long-term time horizon or other factors, they employ higher risk, more aggressive strategies that offer higher potential returns. Higher risk investments, such as equities, may be as much as 100% of the account. Because the account is subject to substantial market risk, you should only invest in this manner if you do not have short-term liquidity needs, and can otherwise accept the potential loss of significant principal in the hope of achieving greater long-term returns.

**Trading & Speculation** — Investors seek to generate maximum returns through a broad range of investment strategies, which generally involve a high level of risk, including the potential for significant loss of principal. Because the account is subject to substantial market risk, you should only invest in this manner if you do not have short-term liquidity needs and can otherwise accept the potential loss of significant principal in the hope of achieving greater long-term returns.
This Privacy Policy is provided to you on behalf of H.D. Vest, Inc. d/b/a HD Vest Financial Services and its affiliates (collectively, “HD Vest” or “we” or “us” or “our”). This policy applies to consumers who have, or have had, a customer relationship with one or more HD Vest affiliates including HD Vest Investment Services℠, HD Vest Advisory Services℠, or H.D. Vest Insurance Agency, LLC. For purposes of this policy, “Personal Information” is data specifically about you, which you typically provide to HD Vest on a voluntary basis when you purchase products or services through us or our sales representatives (“Advisors”). Personal Information does not include aggregate or combined information, which includes data related to you but does not identify you specifically.

Financial companies choose how they share your Personal Information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires HD Vest to tell you how we collect, share, and protect your Personal Information. The types of Personal Information we collect and share depends on the product or service you obtain through us.

Information Collection
HD Vest collects and maintains certain information about you, including Personal Information, in connection with opening and servicing your account and offering you products and services. In the course of serving you, we collect certain Personal Information about you from a variety of sources, such as:

- **Information you provide to us on applications or forms, including our websites**, such as your name, address, Social Security number, birth date, assets, income and/or health information (if you apply for insurance products through HD Vest). We may also collect information from your tax return if you voluntarily agree with your tax preparer to share that information with us;

- **Information we receive from an outside company**, such as a credit bureau regarding your credit history if you apply for credit products, or due diligence companies to confirm your identity, background and/or eligibility to open an account; or

- **Information about your transactions or experiences** with HD Vest, including interactions with our Advisors or customer service staff.

Information Use and Disclosure
How we share information about you within HD Vest

The Personal Information we collect is used to maintain and service your accounts. You cannot limit the sharing of Personal Information in this category. Personal Information may be used or shared within HD Vest for a number of purposes, such as:

- **For our everyday business purposes** such as to process your transactions, maintain and service your account, provide you with customer service, and protect your account. This includes sharing information if your accounts are reassigned to another HD Vest Advisor.

- **For marketing purposes** to offer products and services to you.

How we share information about you with Nonaffiliates

We share Personal Information with nonaffiliates in connection with servicing your account or otherwise as permitted or required by law. You cannot limit the sharing of Personal Information for the purposes described below.

- **Companies that perform services for us or assist us in servicing your account.** For example, First Clearing, LLC (HD Vest’s clearing firm), data processors, technical systems consultants and computer programmers, check printers, data aggregators, marketers, mail fulfillment vendors and insurance policy underwriting, administration, and claims handling;

- **Others as permitted or required by law.** For example, responding to court orders, subpoenas, regulatory inquiries and legal investigations, reporting to credit bureaus, and those with whom you have requested or authorized us to share information;

- **In connection with an acquisition, merger, restructuring, sale or other transfer** of all or any portion of HD Vest we may share Personal Information with the purchaser or potential purchaser.

- **HD Vest does not sell your Personal Information with nonaffiliates for those companies to market their own products or services to you.**
Information Your Advisor Obtains
Your Advisor will obtain Personal Information about you during the course of servicing your accounts while he or she is affiliated with HD Vest, and may retain that information after leaving HD Vest. That information remains subject to restrictions that limit the use or disclosure of the information (except as permitted or required by law). If your Advisor joins a nonaffiliated securities broker-dealer, investment adviser or insurance company, we or your Advisor may share your Personal Information with the new firm to enable your Advisor to notify you of his or her new firm and as a means to continue servicing and maintaining your accounts.

You can limit the Personal Information an Advisor retains or shares with a new firm, or we share with a new firm, by following the instructions provided below (HD Vest can only limit this sharing if we receive your instructions in a timely manner before the Advisor has terminated his or her affiliation with HD Vest).

HD Vest Advisors are independent contractors affiliated with HD Vest solely for the purpose of conducting securities-related activities offered through HD Vest. If your HD Vest Advisor offers you other products or services not affiliated with HD Vest (e.g., legal, tax, accounting, audit, payroll), then any Personal Information you provide unrelated to HD Vest products and services is not covered by this privacy policy and your rights (including the right to limit what the Advisor retains after leaving HD Vest) would instead be governed by the laws and rules covering that particular product or service and the Advisor’s independent business privacy policy.

Information Protection
To protect your personal information from unauthorized access and use, we use security measures designed to comply with federal law. These measures include computer safeguards and secured files and buildings. Additionally, HD Vest requires its employees and Advisors to comply with its privacy standards and policies, which are designed to protect customer information.

HD Vest has also established a separate Online Privacy Policy governing the collection of information obtained through the HD Vest websites. For further information, please visit the page HD Vest Online & Mobile Privacy Policy available on www.hdvest.com.

To Limit Our Sharing:
To limit the information your Advisor can retain or share after he or she leaves HD Vest mail us the form included in this notice.

For accounts held jointly by two or more persons, the privacy choices made by any account holder apply to everyone on your account.

Mail-In Opt-Out Form To:
HD Vest Operations Department
PO Box 142829
Irving, TX 75014-2829

Name__________________________________________________________
Address________________________________________________________________________
City________________________ State________ Zip Code________________

Account Number(s)______________________________________________

HD Vest Advisor Name____________________________________________

☐ Do not allow my HD Vest Advisor to retain my Personal Information if s/he terminates his or her relationship with HD Vest, or share my Personal Information with any new firm s/he may join.
Business Continuity Disclosure Statement

This policy is effective as of September 30, 2015

H.D. Vest, Inc. d/b/a HD Vest Financial Services® and the family of HD Vest companies including HD Vest Investment Services, HD Vest Advisory Services, and H.D. Vest Insurance Agency, LLC (collectively, "HD Vest" or the "Firm") is providing you with this document to inform you of its ability to respond to certain business disruptions. HD Vest Investment Services is a fully disclosed broker/dealer that introduces its accounts on a fully disclosed basis to clearing firms to facilitate the execution and clearing of securities transactions. HD Vest Advisory Services is a registered investment adviser and H.D. Vest Insurance Agency, LLC is a licensed insurance agency. All custody of assets is maintained by the clearing firms, mutual fund companies or transfer agents, and insurance carriers. Consistent with its business continuity plan, HD Vest maintains back-up facilities in geographic locations separate from its primary facilities. Using these back-up facilities, the Firm intends to continue its business in the event of a significant business disruption. Nevertheless, there are some disruptions that may render the Firm unable to continue its business. Under such circumstances, HD Vest will ensure that clients will be able to access their funds and securities within a reasonable time directly from their clearing firms, mutual fund transfer agents, and insurance carriers.

To receive up-to-date information during a significant business disruption, clients may call the Firm's emergency telephone number at (866) 323-3066 or visit our emergency information web page at http://www.hdvest.com/emergency.html.

The following describes specific disruption events and HD Vest's intended business continuation responses to those events. Clients, however, should note that these responses are subject to modification and, depending on the severity of a specific event, HD Vest cannot guarantee that it will be able to follow the stated course of action. If these responses are modified, HD Vest will post the updated disclosure statement on its website. As an alternative, clients may request that the Firm send them, by mail, a copy of the updated disclosure statement by contacting the Firm as follows:

HD Vest Financial Services
Attn: Business Continuity Planning
6333 North State Highway 161, 4th Floor
Irving, Texas 75038

A Disruption to a Single Building

This disruption may be caused by physical damage, technology problems, or an inability to have personnel arrive at the office. Because some buildings, such as the corporate office, are more critical to the Firm's operations, HD Vest's ability to resume business following a business disruption to a specific building depends on the building affected. If a single location is nonfunctional, HD Vest has duplicative systems and other processes that will run from a separate building.

The Firm expects only minimal delays from the transfer of operations. If there is a disruption to the corporate office, HD Vest expects that operations could be disrupted for up to two (2) hours.

A Firm-Only Business Disruption

In the event that there is a significant business disruption to the Firm's internal primary systems, HD Vest will transfer its operations to its back-up facilities. In this process, clients may experience a minor delay in reaching the Firm due to increased telephone calls, technology delays, or other minor difficulties arising from the transfer of operations. HD Vest expects that any delay will be less than two (2) hours. Nevertheless, the unlikely failure of the systems could result in a delay of up to four (4) hours.

A Business-District, City-Wide, or Regional Disruption

In the event there is a significant business disruption that affects the business district, city, or region where any of the Firm's primary systems are located, HD Vest could conduct its operations at an alternate third party location. In this process, clients may experience a minor delay in reaching the Firm due to increased telephone calls, technology delays, or other minor difficulties arising from the transfer of operations. HD Vest expects that any delay may be up to 24 hours.

An Advisor-Only Business Disruption

In the event that there is a significant business disruption where your Advisor's ability to service your account is disrupted for any reason, or you are unable to communicate with your Advisor, you can contact HD Vest's home office directly at (866) 218-8206, option 2.

Member SIPC. For more information about SIPC, including the SIPC brochure, please contact the SIPC online at www.sipc.org or by phone at (202) 371-8300.
Guide to Buying Mutual Funds
What you should know before you buy

A Guide to Mutual Fund Investing at HD Vest

When you buy shares of a mutual fund from your HD Vest Advisor, you may choose from a number of different share classes. And even though these classes represent ownership of the same portfolio – offered by the same fund company and managed by the same investment adviser – each share class has a different cost structure. To choose the share class that best fits with your financial goals, you need to make some basic assumptions about how much you intend to invest, how long you're likely to hold the shares, and whether you'll be buying more shares in the future. You also need to make sure you understand how the various fees, expenses and charges will affect your investment over time. Once you've put these concepts in perspective, you can then make an informed decision about choosing a share class that matches your needs, resources and time horizon.

In this guide, we'll present information that may be helpful when it comes to mutual fund investing. You'll find a review of common types of share classes, an explanation of fees and commissions you may be required to pay, plus other information on how to manage fund costs and where you can go to learn more. But remember, before investing in any share class of any fund, you should read the prospectus carefully to learn more about the fund's risks, goals, fees, expenses, strategy and management. Your HD Vest Advisor will be happy to send you a prospectus plus other fund information and to provide assistance if you have questions.

Additional Important Information about Your HD Vest Accounts

The responsibilities of HD Vest relate specifically to securities‐related products and do not apply to any other products or services clients may obtain from their Advisor. Advisors are independent contractors who may offer additional products and services outside his/her relationship with HD Vest. For example, HD Vest does not provide or supervise tax, accounting, payroll or legal services.

All payments for the purchase of mutual funds through HD Vest should be made by check or ACH transfer payable to a mutual fund company or First Clearing, LLC – not to an HD Vest Advisor or his/her independent company. When you purchase a mutual fund in a brokerage account through HD Vest you will receive a confirmation of the transaction and an account statement referencing HD Vest. When you purchase a mutual fund directly from a mutual fund company, you will receive a confirmation and statement directly from that company and not HD Vest. If you believe you made an investment through HD Vest, but did not receive a confirmation, please call us at (866) 218-8206, option 2.

HD Vest is required to retain all correspondence related to HD Vest business. To comply with this requirement, the company has adopted a policy that any investment-related electronic correspondence – broadly defined as any correspondence related to your account or investments – must be sent or received through a firm-provided email account, which ends in the domain “@hdvest.net.” Accordingly, please send or copy all email correspondence related to your investments to your Advisor's @hdvest.net email address. If you need your Advisor's HD Vest email address, or if you have any questions regarding this policy, please contact your Advisor, or you can contact HD Vest toll-free at (866) 218-8206, option 2.
What is a Mutual Fund?

A mutual fund is a type of professionally managed collective investment vehicle that pools the assets of its many investors in a single portfolio for the purpose of investing in diversified holdings. To manage risk, the portfolio manager diversifies the fund’s investments according to the fund’s investment objective. Funds can invest in a variety of investments, including U.S. or international stocks, bonds, money-market instruments or any combination. Individual investors own shares of the fund, while the fund or investment company owns the underlying investments chosen by the manager.

As the number of mutual funds has grown, some mutual funds have become increasingly complex and specialized and may employ complicated investment strategies, such as leverage and short selling, to manage their portfolios. In addition, these complex funds more commonly invest in alternative investments such as commodities, foreign currencies, and derivatives.

The level and type of risk associated with mutual funds may therefore vary significantly from one fund to another. As a result, it is important to have a complete understanding of the investment strategies and underlying products from which a mutual fund derives its value in order to evaluate risks. These risks are outlined in full in the mutual fund’s prospectus. Complex funds are subject to a number of risks including increased volatility and greater potential for loss and are not suitable for all investors. Before investing in any mutual fund, you should read its prospectus and discuss your investment goals and objectives with your HD Vest Advisor.

Target-date Mutual Funds

A target-date mutual fund (also known as a life-cycle or age-based fund) is designed to provide a simplified investment strategy through a single investment. The goal of these funds is to actively manage the underlying portfolio by focusing on a particular time horizon based on a date in the future (such as 2020, 2030, or 2040), and adjusting the asset mix in the portfolio, the inherent level of risk and the volatility as the target date approaches. Because these funds have an enhanced asset allocation component and are often composed of several individual funds, the expenses are generally higher than traditional funds.

Target-date funds generally consist of a blend or bundle of existing mutual funds. This “fund-of-funds” concept may provide great diversification, but it also may do so at the cost of higher ongoing fees and expenses associated with the underlying investments. The mutual fund manager formulates the investment strategy and approach to risk for each fund. Therefore, the allocation and performance of one fund may be noticeably different than the allocation and performance of another with the same targeted date.

If you consider investing in one of these funds, be sure to assess the fund details and make sure that its objectives and holdings are consistent with your risk tolerance and personal investment objectives. Target-date funds should not be selected based solely on age or retirement date. They do not provide a guaranteed return and do not guarantee protection of principal. In addition, target-date funds’ asset allocations may be subject to change. They may not meet their stated investment objectives and goals, and may lose money. These funds should be reviewed on a periodic basis to ensure that they remain consistent with your overall investment objectives.

Fixed-Income Mutual Funds

Fixed-income funds, also known as bond funds, are a type of mutual fund that invests primarily in a portfolio of bonds or similar debt securities in order to pursue a particular investment objective. Bond funds may invest in a specific type of bond, or a mix of bonds, or investment such as government, municipal, convertible and zero-coupon bonds as well as mortgage-backed securities.

Bond funds have unique risks and characteristics, and can lose value especially in periods of rising interest rates. The inverse relationship associated with traditional bond prices and yields also applies to bond funds. When interest rates rise, the bond prices fall and correlated bond fund values may drop as well. The opposite is true as well; if interest rates and bond yields fall, the bond prices could rise. Therefore, the underlying bonds held in a bond fund are subject to liquidity risk, interest rate risk and reinvestment risk, which may be reflected in the bond fund’s net asset value (NAV). It is important to note that the fees and expenses of the mutual fund can erode the interest rate and NAV of a bond fund, thus reducing the return to the investor.
Bond funds do not have a fixed maturity date. The lack of a fixed maturity date and potential investors’ demands for redemption are factors that may also have a negative impact on the fund’s NAV and share price. The NAV of a bond fund may be affected by a number of factors related to the underlying securities including, but not limited to, credit quality, duration, liquidity, and security structure.

Investments in municipal bond funds are subject to the creditworthiness of their issues. Municipal bond funds are subject to the same risks as their underlying municipal securities. Economic issues may impact the performance of the municipal bond issue; as a result principal is at risk or subject to fluctuation. For instance, if the underlying municipality defaults or the security is downgraded, then the value of your portfolio may also decrease. Some single-state municipal bond funds may offer tax benefits, but lack the diversification of a fund that invests in multiple-state issues such as a multi-state or national fund.

You should not buy a fixed-income fund based solely on the yield. It is important to consider all risks and characteristics of a bond fund when making your investment decisions.

High-Yield and Floating Rate Mutual Funds

High-yield and floating rate mutual funds both invest primarily in below-investment-grade securities (sometimes called junk bonds). The securities held within high-yield and floating rate funds are often rated below investment grade by one or more of the nationally recognized statistical rating organizations or may not be rated by a rating agency.

These funds take on the risks of the underlying instruments held in the fund portfolio. For instance, the “floating rate” indicates that the interest rate tied to the underlying instruments will rise and fall, or float, with the variable rate changes and market conditions. These interest rates usually adjust every 30 to 90 days. Investors should take interest rate spreads, credit quality, and collateral into account when considering the fund’s portfolio.

High-yield and floating rate funds are considered speculative and carry increased risks of price volatility, underlying issuer creditworthiness, illiquidity and the possibility of default in the timely payment of interest and principal, which may impact the value of your portfolio. These funds do not maintain a stable NAV and should not be considered cash alternative funds. You can lose money in these funds. Unlike money market funds the investment objective is not to maintain a stable NAV.

Complex Mutual Funds

Some mutual funds employ complex and specialized investment strategies. These funds commonly invest in alternative investments such as commodities, foreign currencies, and derivatives, and may employ a flexible approach to invest widely across asset classes and use complicated and aggressive investment strategies such as leveraging and short selling to manage their portfolios.

The level and type of risk associated with complex mutual funds may vary significantly from one fund to another. It is important to have a broad understanding of the investment strategies and underlying products from which a complex mutual fund derives its value in order to evaluate its risks. Complex funds are subject to a number of risks including increased volatility and greater potential for loss and are not suitable for all investors.
Alternative Mutual Funds Are Not Your Typical Mutual Funds

Alternative mutual funds typically employ complex investment strategies by holding more non-traditional investments. This approach differs from the buy-and-hold strategy typical in the mutual fund industry. For example, Alternative mutual funds might invest in assets such as global real estate, commodities, leveraged loans, start-up companies and unlisted securities that offer exposure beyond traditional stocks, bonds and cash. The variety of investment strategies employed by alternative mutual funds causes each fund to have unique characteristics and risks. Alternative mutual funds are subject to a number of risks including increased volatility and greater potential for loss and are not suitable for all investors.

The Financial Industry Regulatory Authority (FINRA) issued an Investor Alert called Alternative Funds Are Not Your Typical Mutual Funds to inform investors to consider the characteristics and potential risks in investing in alternative mutual funds. To learn more about alternative mutual funds, visit the following website:

http://www.finra.org/Investors/ProtectYourself/InvestorAlerts/MutualFunds/P278033

Money Market Mutual Funds

A money market fund is an open-end mutual fund that is required to invest in low-risk, short-term securities, which may include municipal securities. Money market funds are generally liquid due to the short-term nature of their underlying investments and are typically used by investors who have a low risk tolerance. Investors interested in a conservative alternative for their discretionary money may find that money market mutual funds may allow for preservation of capital, liquidity and return on principal. History, however, has shown that investing in money market funds is not without risk. Typically, money market funds try to keep their NAV at a constant $1 per share. This stability and per-share NAV is implied, but not guaranteed.

Cash sweep programs utilizing money market funds allow your otherwise uninvested cash holdings to “sweep” automatically from your brokerage account into a money market fund sweep program that offers SIPC insurance. These sweep options are generally considered lower risk and are liquid in nature, giving investors the ability to potentially earn a return on cash holdings or funds being set aside for a future purchase.

1SIPC does not ensure the quality of investments or protect against losses from fluctuating market value.

An investment in a money market fund or a cash sweep program differs from having a traditional bank deposit money market account and is not insured by the FDIC. Similar to bond funds, money market funds and sweep program options carry fund operating expenses not associated with an individual fund and are subject to the risks discussed above as well as manager risk. Before investing in any money market fund or cash sweep program, you should discuss your investment goals and objectives with your HD Vest Advisor and understand the features, characteristics, risks and costs associated with the investment vehicle. For more information on money market mutual funds and cash sweep programs, contact your HD Vest Advisor.

Costs of Investing in Mutual Funds

In addition to including information about a fund's objectives, risks and other characteristics, a fund's prospectus also includes a fee table listing the charges you pay, which include sales charges and annual operating expenses. You can pay these charges in a variety of ways, depending on the share class you choose. We also describe fee-based accounts and mutual fund switches later in this document.

Sales Charges

These charges provide compensation for the fund company, HD Vest and your HD Vest Advisor, who helps you select funds to pursue your investment objectives. Most sales charges are either “front-end” (charged when you buy shares) or “back-end” (charged when you sell). A back-end charge is also called a “contingent deferred sales charge (CDSC),” because if you hold your shares for longer periods of time the charge is reduced or eliminated.
Operating Expenses
Many of the costs associated with running a mutual fund are operating expenses — or, simply put, the cost of doing business. Included in fund operating expenses are management fees, 12b-1 fees, shareholder mailings and other expenses. Operating expenses are not paid directly as a fee, but they are deducted from the fund’s assets, so they reduce investment returns.

It is important to note that, generally, non-traditional mutual funds incur higher overall expenses due to periodic rebalancing and the use of complex investment strategies. The fund's prospectus will note the fund's expense ratio (a measure of what it costs an investment company to operate a mutual fund, expressed as a percentage of the fund’s net assets), which helps you compare the annual expenses of various funds.

The fund company takes 12b-1 fees out of the fund’s assets each year for marketing and distribution expenses, which may include compensating HD Vest Advisors or other investment professionals.

Redemption Fees
A short-term redemption fee may be charged when shareholders redeem their mutual fund shares early. This fee may be charged regardless of the initial sales charge paid. Redemption fees are designed to discourage frequent trading in mutual funds and to offset the costs associated with those trades. These fees are paid directly to the mutual fund company and not to the HD Vest Advisor. Each fund’s rules about short-term redemption are different. It is important to check the mutual fund’s prospectus for the specific redemption period and schedule of fees.

Getting Started with Share Classes
Many mutual fund families offer three different share classes for a given mutual fund: class A, class B and class C shares. Although there are many other share classes such as classes T, I and R, most mutual funds generally fall into one of the first three mentioned above. The main difference in the share classes is the varying sales charges, distribution fees and management fees associated with each share class. Your HD Vest Advisor will be compensated differently depending on the share class you choose. 2 See the “How Compensation is Paid to HD Vest and Your Advisor” section.

When deciding which share class to buy, you should consider the following questions:
• How long do I plan to hold the fund?
• How much money do I intend to invest?
• Will I be purchasing more shares in the future?
• What expenses will I pay for each class?
• Do I qualify for any sales charge discounts?

Talking with your HD Vest Advisor about these questions will help you make an informed decision when determining which share class(es) match your needs, resources, and time horizon.

Share Classes
Each share class represents a similar amount of ownership in a mutual fund, but each has different fees and expenses applied, and therefore results in different performance. While there are many different classes of mutual fund shares, the most common are class A, class B and class C.

Class A Shares
If you buy class A shares, you’ll typically pay a front-end sales charge or commission, commonly known as a load. This commission is deducted from the amount you invest. For example, if your initial investment in class A mutual fund shares is $1,000 and the sales charge is 5%, $50 will be deducted from your investment to pay your HD Vest Advisor and HD Vest, leaving $950 to be used to purchase shares. If your total purchase of class A shares exceeds certain dollar amounts, you may be eligible for a discount on the front-end sales charge. This discount is commonly known as a breakpoint and is offered by most fund companies.

2This discussion of share classes and the associated sales charges relates primarily to commission-based brokerage accounts. In a fee-based account, you pay an ongoing fee based on the value of the assets in the account, and do not pay “loads” or sales charges on individual transactions. However, other fees and payments discussed below may still be paid to HD Vest and/or your HD Vest Advisor.
You may be eligible for this discount if you meet one of the following criteria:

- Make a large purchase (usually in an amount over $50,000, but sometimes as low as $25,000)
- Hold other mutual funds offered by the same fund family, known as Rights of Accumulation
- Commit to purchasing additional shares on a regular basis within a specified time frame, usually 13 months, known as Letter of Intent
- Have family members (or others with whom you may link purchases according to fund company rules) who hold shares in the same fund family

A more detailed description of Rights of Accumulation, Letter of Intent and other discounts can be found in the “Understanding Breakpoints” section.

**Understanding Breakpoints**

If you purchase class A shares, mutual fund companies typically offer multiple breakpoints, which may be available at different investment thresholds. As a rule, the greater your total purchase, the greater the sales charge discount will be. Assuming a given purchase is consistent with your investment goals, you can often lower sales charges by adjusting the total amount to take advantage of breakpoints. For example, using the hypothetical schedule below, if you bought $24,000 of class A shares, you would pay a commission of 5% or $1,200. However, if you invested $25,001 in the same class A shares, your commission would drop to $1,062.54.

**Sample Breakpoint Schedule — Class A Shares**

This table is offered for illustrative purposes only. Actual breakpoints, if offered, will vary for different funds and fund families. Note that many fund families do not offer breakpoint discounts for purchases of less than $50,000.

<table>
<thead>
<tr>
<th>Investment Amount</th>
<th>Sales Load</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $25,000</td>
<td>5.00%</td>
</tr>
<tr>
<td>$25,001 or more but less than $50,000</td>
<td>4.25%</td>
</tr>
<tr>
<td>$50,001 or more but less than $100,000</td>
<td>3.75%</td>
</tr>
<tr>
<td>$100,001 or more but less than $250,000</td>
<td>3.25%</td>
</tr>
<tr>
<td>$250,001 or more but less than $500,000</td>
<td>2.75%</td>
</tr>
<tr>
<td>$500,001 or more but less than $1 million</td>
<td>2.00%</td>
</tr>
<tr>
<td>$1 million or more</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Even if you don’t invest the minimum amount necessary to reach a breakpoint threshold, there are several ways to take advantage of reduced sales charges. Commonly offered by most brokerage firms and mutual fund companies, these opportunities are called Rights of Accumulation and Letters of Intent. While some fund families may consider only class A shares when calculating a breakpoint, other fund families also include class B and class C shares in the equation. Also, assets you have within the same fund family held at other brokerage firms can be considered for breakpoints.

**Rights of Accumulation**

A Right of Accumulation is an agreement that allows you to combine class A shares you already own with additional class A share purchases in the same fund family for the purpose of achieving breakpoints or other associated discounts. For example, if you already hold $80,000 worth of class A shares of a given fund and you buy an additional $20,000 of class A shares, the fund company may allow you to combine those investments to reach a $100,000 breakpoint. This may entitle you to a considerably lower sales charge on your $20,000 purchase.

**Letters of Intent**

A Letter of Intent is an agreement you make with a fund company to invest a certain amount within a given period of time, and thus, you become eligible for breakpoints. When assessing sales charges, many fund companies allow you to include purchases completed within 90 days before the Letter of Intent is signed and within 13 months after the agreement commences. Investors should always read the prospectus carefully for more details. If you expect to invest on a regular basis or make additional investments during the next 13 months, a Letter of Intent is worth considering because it can help you qualify for reduced sales charges for purchases made prior to reaching the breakpoint. But make sure you have the resources and commitment to invest the stated amount within the agreed-upon time frame; if not, the fund company may retroactively collect the higher sales charge.
Discounts for Families or Owners of Multiple Accounts
Another way to become eligible for sales load discounts is to combine the accounts of multiple members of a given family. Most fund companies will permit you to take advantage of breakpoints if you aggregate your fund purchases with those of your spouse or dependent children. You may also be able to reach discount thresholds if you aggregate mutual fund purchases across multiple accounts, such as certain retirement accounts, educational savings accounts or accounts at other brokerage firms. In some cases, employer-sponsored retirement or savings plan accounts may be combined as well. Details and eligibility vary from one fund family to another. Please read the prospectus or Statement of Additional Information (SAI) available from your HD Vest Advisor for more details.

Ongoing Fees and Expenses
A mutual fund deducts fees from its total assets to cover various day-to-day services, including portfolio management and administration. These and certain other fees and costs are generally referred to as a fund’s expense ratio, which is described in detail in a fund’s prospectus.

Similarly, 12b-1 fees may be deducted from a mutual fund’s assets to cover certain costs associated with marketing and distributing the fund to investors. Because 12b-1 fees are paid out of fund assets, they increase the expenses the investor pays as a fund shareholder. The investor does not pay these fees directly. They are deducted from the total assets in the fund and therefore reduce investment returns. The amount of the 12b-1 fee is determined by the mutual fund company and is set forth in the mutual fund’s prospectus and/or Statement of Additional Information. Depending on the share class, these fees can range from 0.25% to 1% or $25 to $100 annually for every $10,000 investment. Generally, the 12b-1 fee in class A shares averages 0.25% or $25 in annual expenses on a $10,000 investment.

Class B Shares
If you purchase class B shares, you will not pay a front-end sales charge in most cases. However, you will be required to pay what is known as a contingent-deferred sales charge (CDSC) if you sell your shares within a certain period of time (typically five to nine years). In addition, class B shares are generally subject to higher 12b-1 fees, which result in higher ongoing expenses than class A shares. For example, a 12b-1 fee in class B shares can range from 0.75% to 1% or $75 to $100 in annual expenses for every $10,000 invested.

The CDSC associated with class B shares gets smaller over time and expires at the end of the designated period. Also, the higher annual fees will diminish investment returns over time. At that time, or shortly thereafter, most class B shares convert into class A shares. When this happens, your investment will become subject to the same expenses as class A shares.

Sample CDSC Schedule — Class B Shares
This table is offered for illustrative purposes only. Actual sales charges will vary for different funds and fund families.

<table>
<thead>
<tr>
<th>Years Since Purchase</th>
<th>Contingent-Deferred Sales Charge (CDSC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0–1</td>
<td>7.00%</td>
</tr>
<tr>
<td>1–2</td>
<td>6.00%</td>
</tr>
<tr>
<td>2–3</td>
<td>5.00%</td>
</tr>
<tr>
<td>3–4</td>
<td>4.00%</td>
</tr>
<tr>
<td>4–5</td>
<td>3.00%</td>
</tr>
<tr>
<td>5–6</td>
<td>2.00%</td>
</tr>
<tr>
<td>6–7</td>
<td>1.00%</td>
</tr>
<tr>
<td>7+</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Even though you won't pay a front-end sales load for class B shares, the higher annual fees will diminish investment returns over time. Because of the CDSC, you should probably not choose this share class if you intend to sell your shares within a relatively short period. And remember, purchasers of class B shares aren't usually eligible for breakpoints. If you intend to invest in class B shares, you should consult with your HD Vest Advisor to determine whether an investment in class A shares might make more sense due to the availability of breakpoints or other sales charge discounts. It is also important to know that HD Vest and your HD Vest Advisor receive compensation on the purchase of class B shares even if you did not pay an up-front sales load, and, depending on a number of factors, this compensation may be greater than what we would have received had you purchased class A shares.
**Class C Shares**

For class C shares, mutual fund companies typically charge a constant load structure throughout the life of the fund investment. If you purchase class C shares, you may or may not pay a front-end sales charge. The CDSC associated with class C shares tends to be relatively small (generally 1%, for example), and it generally expires within a year. However, class C shares usually impose higher annual fund-operating expenses. These fees continue as long as you hold your shares. Since higher expenses will reduce investment performance, it may be more expensive to own class C shares versus class A shares or class B shares if you intend to maintain your investment for a long holding period. Expenses in class C shares typically range from 0.9% to 1.1%. For example, for every $10,000 investment in class C shares, the annual expenses would be $90 to $110. Since higher expenses can reduce investment performance, class C shares should probably not be considered unless you have a relatively short investment horizon and do not qualify for breakpoints or other sales charge discounts. Finally, even though you may not have paid an up-front commission on the purchase of class C shares, HD Vest and your HD Vest Advisor will receive a commission.

**Class I Shares**

Class I shares are an institutional share class that are typically sold without a sales charge and offer lower annual costs and management expenses than traditional share classes like A, B and C shares. Furthermore, class I shares generally do not feature a CDSC for the sale of your shares. As a result of these lower costs and expenses, class I shares are typically offered at a much higher minimum investment amount than class A, B or C shares. Fund companies frequently restrict an investor’s ability to purchase or hold class I shares outside of a fee-based account. Please review the fund’s prospectus for more information.

**Share Classes for Retirement Plans**

Mutual fund families sometimes offer specialized share classes (“Retirement Shares”) available only to participants in employer-sponsored retirement plans (e.g., a 401(k)). Retirement Shares have special eligibility criteria and/or plan asset size or participant number requirements, and the features can vary greatly between funds or fund families.

Retirement Shares may offer plan participants an opportunity to own mutual fund shares under a different cost structure than other share classes. For example, a Retirement Share may not charge a front-end sales load, back-end sales load, or CDSC. Though plan participants may not be charged sales loads or a CDSC, ongoing expenses may be higher than those charged in other share classes. In some instances, Rule 12b-1 fees paid by the fund may be used to offset administrative expenses of the plan.

Plan participants who are eligible to purchase Retirement Shares should evaluate the various available share classes in terms of the up-front and ongoing expenses and their anticipated time horizon, including whether Retirement Share fees are used to offset other costs associated with the plan. Before selecting any share class offered by a mutual fund family, you should discuss your investment goals and objectives with your HD Vest Advisor and review the fund’s prospectus for more information.

**No-Load Mutual Funds**

No-load mutual funds do not charge a front-end sales charge or a deferred sales charge, such as a CDSC; however, they do impose ongoing fees and expenses. These fees and expenses are described in the fee table in the prospectus.

**Fund-of-Funds**

Some mutual funds invest in the shares of other mutual funds. Such funds are called fund-of-funds. While the up-front sales charge and ongoing fees and expenses for fund-of-funds may appear to be lower than mutual funds that hold securities directly, keep in mind that investors also pay all of the ongoing fees and expenses associated with the underlying mutual funds in the fund-of-funds’ portfolio. These fees generally are not shown in the fund-of-funds’ prospectus, but can be determined by reviewing the mutual fund holdings for the fund-of-funds you are interested in or by asking your HD Vest Advisor.

To compare expenses by share class, you may wish to review FINRA’s Expense Analyzer:


*This calculator is not available for offshore funds.*
Fee-Based Accounts
Investors can also buy funds through various fee-based accounts. Instead of paying a sales charge or commission on each transaction, you pay an annual fee, billed quarterly in advance, based on a percentage of the account's value. Annual fund operating expenses still apply. These programs offer funds as either no-load shares or class A shares where the sales charge is waived. In some instances, both class A and I shares are available for the same fund. These programs and accounts provide benefits and features that may not be available in a traditional HD Vest brokerage account. Therefore, the total cost of purchasing and holding a fund in these programs may be more than in a traditional brokerage account. Fee-based programs are not designed for excessively traded or inactive accounts and may not be suitable for all investors.

Please review HD Vest’s disclosure documents for a full description of the firm’s investment advisory services, including fees and expenses. A copy of the Investment Adviser’s ADV Part II is available on request. In certain instances, where available, class I shares may also be used. Fee-based accounts may impose additional fees on securities not eligible for this fee structure.

Distributions from an Employer-Sponsored Retirement Plan
If you change jobs or retire, there are four options that may be available if you have assets in an employer-sponsored retirement plan: (1) leave the money in the current plan, if permitted; (2) transfer the money to a new employer’s plan if one is available and rollovers are permitted; (3) rollover to an individual retirement account (IRA); or (4) liquidate the assets and take a distribution.

Each alternative has potential advantages and disadvantages depending on your age, desired investment options, fees and expenses, withdrawal needs, tax consequences, service options (including the availability of personalized investment advice and the ability to take a loan against your assets) and your unique financial needs. The importance of each factor will vary depending on your individual needs and circumstances. No one answer is right for everybody, and you may choose to engage in a combination of these options. However, it is important that you understand your options — and the costs and benefits of each — so that you can develop an effective strategy for your retirement savings.

Although there are advantages to an IRA, such as the ability to obtain personalized investment recommendations from your Advisor, HD Vest and your Advisor generally will only earn compensation if you roll your assets to an IRA held through HD Vest. You should also consider whether the fees associated with an IRA are higher than your employer-sponsored plan, and whether certain “institutional” investments with lower costs available through your employer plan (e.g., retirement share classes) may not be available in an IRA. The decision to move your retirement funds is important, and you should carefully consider all of the relevant factors to determine the best choice for you. Discuss your options with your Advisor, and you can obtain additional information on IRA rollovers on the HD Vest website (www.hdvest.com) and the website of the Financial Industry Regulatory Authority website (www.finra.org).

Mutual Fund Switches
As your objectives change, you can switch your assets among the mutual funds in the same mutual fund family whose objectives most closely meet your needs, without incurring an additional sales charge. Staying within the same mutual fund group may be preferable, since switching from one mutual fund group to another may involve additional costs or fees. On the other hand, there can be other considerations for switching to a mutual fund in another mutual fund group, or another type of investment product such as an annuity or Unit Investment Trust (UIT). For example, in circumstances where the one mutual fund group you invest in does not offer a type of mutual fund to switch to that is most aligned with your investment objectives.

If you do choose to switch to a mutual fund in a different mutual fund group or to another type of investment, and your account is commission based, you will most likely incur a sales charge on the new investment. In addition to the new sales charge, for share classes that have contingent deferred sales charges, such as class B and class C shares, you will be subject to a new redemption period if you switch into those share classes. In those instances when a mutual fund is switched to a different mutual fund or to another investment product resulting in a new commission being charged, you will be requested to submit a Letter of Acknowledgement Regarding a Change In Portfolio disclosure. This disclosure details information regarding your switch, as well as the possibility of additional costs and expenses. You should also be aware that there may be tax consequences related to your sale, redemption or exchange of mutual fund shares. If you have questions about the possible tax consequences of a sale, redemption or exchange of your mutual fund shares, you should consult your tax advisor prior to making any such investment decision. It is also important for you to consider how your overall investment may be impacted by a mutual fund switch, depending on the type of fund you own.
Additional Considerations

Steps You Can Take to Manage Mutual Fund Sales Charges:

- **Understand how breakpoints work.** The best place for information on these sales charge discounts is the mutual fund prospectus. Another helpful document is a fund's SAI, which further describes fund fees, expenses, strategy and management. Your HD Vest Advisor is also a good source of information about sales charges and other costs associated with owning various share classes of a mutual fund.

- **Review current holdings.** When making a decision about buying a fund, review your account statements and those of other family members to see if your aggregate holdings might entitle you to a breakpoint discount. But don't limit this review to accounts at a single brokerage firm; you may hold shares of the same fund in different accounts at various investment firms (or even with the mutual fund company itself). These overlapping holdings can sometimes be aggregated for the purpose of obtaining a reduced sales commission.

- **Keep your Advisor in the loop.** If you think you may be eligible for a breakpoint discount because of multiple accounts that you or your family might own, be sure to share this information with your HD Vest Advisor. Also, discuss any plans you may have for making any additional purchases in the future. Based on your time horizon, investment goals and periodic investment targets, your HD Vest Advisor can help you choose the most cost-effective share class for your needs.

- **Review holdings across multiple fund families.** Many investors like to spread assets among a number of different mutual fund complexes. This strategy may be appropriate if the goal is to enhance diversification or to select funds that are perceived to be unique or superior to their peers within a certain investment category. At the same time, this approach can reduce the opportunities for obtaining breakpoint discounts, which can increase the cost of mutual fund investing.

Risks

Mutual funds are generally actively managed. Fund managers may purchase or sell securities in the fund portfolio in an attempt to take advantage of changing market conditions. It is possible for a mutual fund to hold securities, even though their market value and dividend yields may have changed.

A mutual fund may carry the same investment risk as the securities within the fund. Securities in a fund portfolio may depreciate, and the fund may not achieve its intended objective. In addition, each mutual fund is subject to specific risks that vary depending on the fund's investment objectives and portfolio composition.

Each type of mutual fund offers unique risks and characteristics. Please refer to each fund's prospectus for additional details.

Selecting What’s Right for You

Selecting the appropriate program and mutual funds for your investment objectives involves a number of factors: fund strategies, fund performance history, risks, investment time horizon, fees and expenses, portability, etc. You should review any program's disclosure document as well as a fund's share classes, as detailed in the fund prospectus, to fully evaluate your options. In addition, it is important that you be aware that certain mutual funds may not be transferable from one investment firm to another. As a result, if you or your HD Vest Advisor changes investment firms, you may need to choose to liquidate these products, which may incur additional fees or tax consequences. In some instances it may be prudent to leave these mutual funds that cannot be held at the previous firm. It is important to remember that you are not required to sell such mutual funds when you or your HD Vest Advisor changes firms. You can open an account with the new firm and transfer only the mutual funds you wish to move. It is not required that you move everything in your previous account or liquidate mutual funds that are not transferable. In order to make the decision that is most appropriate for your financial situation, you should also talk with your HD Vest Advisor so that together you can make the choices most suitable for you.
How Compensation is paid to HD Vest and Your Advisor

For helping you choose mutual funds, HD Vest and your HD Vest Advisor are paid in ways that vary with the type of fund (equity or fixed income), the amount invested and the share class.

- As mentioned above, HD Vest is paid by the fund family from the fees you pay. Part of that payment then goes to your HD Vest Advisor.
- For most purchases, HD Vest Advisors’ compensation is based on a compensation formula applied (for class A shares) to the front-end sales charge described in the fund's prospectus, or (for class B and class C shares) to the selling fee (known as a sales concession), which is set and paid by the fund family.
- Ongoing payments (known as residuals or trails) on mutual fund shares are set by the fund family and generally paid to HD Vest Advisors.
- In certain fee-based accounts, HD Vest Advisors’ compensation is based on a percentage of the assets in the account, rather than on concessions or trails as mentioned above.

The compensation formula to determine the amount of payment to your HD Vest Advisor is the same for all mutual funds. However, some funds may carry higher sales charges than others, and that may create an incentive for HD Vest Advisors to sell such funds.

The commission and/or sales charge is split between HD Vest and its Advisors, if an Advisor is affiliated with your account at the time of the transaction. An HD Vest Advisor’s compensation will be equal to or less than the commission or sales charges related to each transaction. Other costs and charges also will apply to your account, and you pay separately for other services you request.

For more information, please read the prospectus carefully. Feel free to ask your HD Vest Advisor how he or she will be compensated for any mutual fund transaction.

Additional Compensation Received by HD Vest from Mutual Fund Companies

In addition to the transaction-based commissions received by HD Vest and your HD Vest Advisor, HD Vest also receives additional compensation from mutual fund companies that is not related to individual transactions but instead is paid by the fund companies for the ongoing account maintenance, marketing support and education and training services performed by HD Vest in support of mutual fund sales.

This “non-commission” compensation received by HD Vest from fund companies can be broken down into four general categories:

- Networking services compensation;
- Marketing support (also known as “revenue-sharing”);
- Training and education support; and
- Other compensation for general services provided to funds.

While these compensation arrangements are described in varying levels of detail in the prospectus and SAI for each mutual fund offered by HD Vest, this section is intended to provide you with enhanced disclosure about the compensation arrangements between HD Vest and mutual fund companies as well as the associated potential conflicts of interest.

Networking Fees

Networking fees are designed to compensate HD Vest for providing varying degrees of customer account and administrative services for those HD Vest customer accounts holding mutual funds. These services may include the processing of purchase orders, check deposits, account maintenance, and other sub-accounting and record-keeping services.

Compensation paid for networking services are negotiated from fund company to fund company and vary depending on the networking services that HD Vest is required to perform for each client account established with a fund. If a client owns multiple funds in one fund family, HD Vest generally receives networking compensation for each individual fund. **HD Vest may receive networking compensation based on a dollar amount per year, per client account with an individual fund. Networking compensation is paid at a rate of up to $6 per year per client account.**
Marketing Support Compensation

Marketing support compensation, also known as revenue-sharing, is compensation paid to HD Vest for providing ongoing day-to-day marketing and sales support to its Advisors and clients with respect to mutual fund companies and their funds. A select group of companies (Educational Partners) have agreements with HD Vest to provide payment to help defray the educational, training, record-keeping and other costs associated with offering these products to clients. Revenue-sharing fees are usually paid by the fund's investment adviser, or an affiliate, as a percentage of HD Vest's aggregated value of client assets invested in the funds. In certain instances, revenue sharing payments, in addition to the fees and expenses disclosed in the fund prospectus fee table, may be paid as a percentage of annual new sales to clients, or as a combination of a percentage of new sales and a percentage of aggregate client assets. The percentage amounts are typically established in terms of basis points, which are equal to one one-hundredth of one percent. The amount paid by Educational Partners can be up to 0.20% on assets under management and 0.10% to 0.35% on sales. So for example, if HD Vest receives 10 basis points in revenue-sharing for a given fund, it would receive $10 for each $10,000 of total assets in client accounts in the fund.

HD Vest receives different revenue-sharing rates from fund family to fund family, and may receive different revenue-sharing rates for certain funds within a particular fund family. Fund companies pay HD Vest revenue-sharing compensation at an annual rate of up to 20 basis points on aggregate client assets (on a $10,000 client position, 20 basis points amounts to $20 per year) as long as the assets stay invested. However, certain funds may pay HD Vest a negotiated fixed annual amount for revenue-sharing regardless of the amount of assets held in client accounts or new sales to clients. HD Vest may also receive additional lump sum payments from Educational Partners, which could be significant in amount. In addition to receiving revenue in connection with the sale of mutual funds, HD Vest receives revenue-sharing in connection with the sale of variable annuities.

Training and Education Compensation

Training and education compensation is paid by mutual fund companies to offset or reimburse HD Vest for costs incurred in conducting comprehensive training and education meetings for HD Vest Advisors. These meetings or events are designed to provide comprehensive advisor training and education with respect to product characteristics, sales materials, customer support services and successful sales techniques.

Likewise, from time to time, product sponsors will reimburse HD Vest for expenses of individual branch offices incurred in connection with conducting training and educational meetings, conferences or seminars for HD Vest Advisors and customers. Also, HD Vest Advisors may receive promotional items, meals or entertainment or other noncash compensation from product sponsors.

While training and education compensation is not related to individual transactions or assets held in client accounts, it is important to understand that due to the total number of product sponsors whose products are offered by HD Vest, it is not possible for all mutual fund companies to participate in a single meeting or event. Consequently, those product sponsors that participate in a training or educational meeting, seminar or other event gain an opportunity to build relationships with HD Vest Advisors that could lead to additional sales of the fund company’s products.

Potential Conflicts of Interest Associated with Additional Compensation Arrangements

It is important for clients to understand that compensation received for networking services, revenue-sharing, training and education, and other services varies from fund family to fund family, and even from fund to fund within a particular family. Accordingly, a potential conflict of interest exists where HD Vest receives more compensation from one fund family (or from one fund) than is received from peer fund families (or from peer funds).

HD Vest has adopted policies reasonably designed to control and limit these potential conflicts of interest. These include, but are not limited to, policies that:
- Require networking and revenue-sharing agreements to be in writing and prohibit agreements or provisions that call for HD Vest to provide preferential marketing and promotional treatment to a fund family as a condition of paying or receiving networking or revenue-sharing fees.
- Prohibit the sharing of any portion of networking or revenue-sharing fees with Advisors.
- Require the mutual fund distributor or Advisor to directly compensate HD Vest for revenue-sharing by wire transfer or check, and prohibit funds and their portfolio managers from directing investment portfolio trades to HD Vest as indirect compensation for revenue-sharing.
- Require reimbursement payments for general educational and training expenses and for expenses associated with conducting individual branch office training and education activities to be recorded and approved.
- Limit the annual dollar value of gifts or other non-cash items that mutual fund companies and their representatives can provide to HD Vest Advisors.
Additionally, to help increase transparency concerning these compensation relationships, those fund families that pay HD Vest networking, and/or revenue-sharing compensation are listed in the Mutual Fund table. In addition to those funds identified in the table, it is important for you to understand that nearly every fund that is sold by HD Vest provides some degree of educational, training or other non-cash compensation to HD Vest and HD Vest Advisors. If you attend training or educational meetings with your HD Vest Advisor and a representative of a mutual fund is in attendance, you should assume that the mutual fund has paid or reimbursed HD Vest for part of the total costs of the meeting or event. HD Vest offers a wide variety of fund families for HD Vest Advisors to sell or recommend, including funds that do not compensate HD Vest for one or all of the services above.

The payment of revenue-sharing or any other compensation is not a prerequisite for a fund to be made available through HD Vest. However, HD Vest, in its discretion, reserves the right to limit access by our registered representatives to mutual fund companies that do not adequately support the firm’s sales efforts or meet other criteria.

### Mutual Funds
- Oppenheimer Funds
- Putnam Investments
- Deutsche Asset & Wealth Management
- MFS
- Invesco
- Hartford Funds
- John Hancock Funds
- American Funds
- Delaware Investments
- Franklin Templeton Investments
- Virtus Investment Partners
- Legg Mason Funds
- Davis Selected Advisers
- Dreyfus
- Ameriprise
- Pioneer Investments
- Sammons Financial Network LLC

Before buying any mutual fund, it is important for you to read and understand the fund's prospectus. If you have any questions about a specific fund, or the information in the fund's prospectus, contact your HD Vest Advisor. Additionally, to learn more about mutual funds in general, contact your HD Vest Advisor or visit the following websites:

**HD Vest Financial Services –** [www.hdvest.com](http://www.hdvest.com)

**Investment Company Institute –** [www.ici.org](http://www.ici.org)

**Financial Industry Regulatory Authority –** [www.finra.org](http://www.finra.org)

**Securities and Exchange Commission –** [www.sec.gov](http://www.sec.gov)

**Securities Industry and Financial Markets Association –** [www.sifma.org](http://www.sifma.org)