ADDITIONAL DISCLOSURES ON YOUR RELATIONSHIP WITH US

Updated June 24, 2020. This document provides disclosures related to clients' relationships with us, including information on conflicts of interest, costs and fees, and other investment-related information. Statements in this information provide more definitive information on matters discussed on our Form CRS. This version supersedes any previous versions you may have received or accessed. We may amend this document from time to time. This document is also supplemented by other disclosures based on your relationship to us. Hyperlinks to those resources are provided in this document as necessary. We encourage you to read the contents of this document and to reach out to your advisor if you have any questions.

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Section I – About Caldwell Sutter Capital

Caldwell Sutter Capital, Inc. ("Caldwell") has products and services where it operates both as a broker-dealer and as a registered investment adviser. This section describes those capacities.

Capacity

Broker-Dealer

As a broker-dealer, our primary service is buying and selling securities at your direction. We can offer recommendations to buy, sell or hold securities, but you make the final decision whether to invest based on the recommendation.

Investment Adviser

For information regarding our advisory practices and accounts, please consult your Form ADV Part 2A at **https://www.cald.com/legal-disclosures**.

Principal Trading

We may buy a security from you or sell you a security from our own account, typically in transactions involving bonds and other fixed income securities. Selling to you from our own account may create incentives for us to generate trading profits or minimize losses, and thus to act against your best interest.

Section II – Services and their Related Fees

Account Types

Brokerage Accounts

In a brokerage account, your representative can offer recommendations to buy, sell or hold securities but you make the final investment decisions. Your representative does not have the ability to trade on your behalf without contacting you first to get your approval. Information regarding the difference between broker-dealers and investment advisers, as well as their offerings, is summarized in the Form CRS at **https://www.cald.com/legal-disclosures**.

We retain the authority to decline to open or maintain any account, and to decline to accept or act upon any order or instruction. We may also require additional documentation beyond what is requested on standard forms or standard instructions depending on facts and circumstances. We may be restricted in our activities based on jurisdiction and regulatory approvals to what we may transact in.

Retirement Accounts – When providing brokerage only services, we act solely in the capacity as a registered broker-dealer and not as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Advisory Accounts

Information regarding our advisory products is summarized in the Form CRS and more fully described in the Forms ADV Part 2A. A copy of these documents is available from your adviser and can also be located at **https://www.cald.com/legal-disclosures**.

Incidental Brokerage Services, Recommendations, and Account Monitoring

Recommendations to Buy, Sell or Hold

The firm acts as either agent or principal to purchase securities that are recommended for your account. Acting in principal means that Caldwell may recommend securities that they already own to sell to you. We typically charge a difference in price compared to where the market is, and Caldwell earns a commission based on the difference in price that we acquired the security at and the price we sell it at. When the first acts as agent, we are acting strictly as access to the general market, and you are charged a commission to perform a transaction.

Recommendations are made in the client's best interest based on stated investment objective, risk tolerance, liquidity needs, time horizons, financial needs, and other financial information provided to us and may include a range of potential securities. Clients can accept or reject any recommendations made to them. In addition, the licensing of your representative or adviser may affect the products that they can recommend to you. You should talk to your financial professional to discuss if there are any such restrictions.

Customer Reports

Upon client request we can furnish reports to customers regarding their accounts. These may include measurements that indicate the performance of the account, or statistical data such as what is in your portfolio, its valuation, its composition, and information regarding the securities owned in your account.

Account Monitoring

In an investment advisory account or relationship, we conduct ongoing monitoring of advisory accounts tailored to the advisory relationship with the client and particular type of advisory account. In contrast, in a brokerage account, we are neither required nor agree to provide account monitoring services. Your representative may offer recommendations based on the holdings inside the portfolio and your particular circumstances and investment objectives, this does not constitute an account monitoring service for that brokerage account or relationship. This is a distinction between a brokerage account and an advisory relationship and you should consider this distinction, among other factors such as the payment of commissions versus asset-based fees or whether discretionary advice is available for your account when determining what kind of account to have with us.

How you Pay for Transactions

There are two ways you can pay for transactions for your account, having a cash account, where you pay for trades in full, or by borrowing money to pay for a transaction, which is having a margin account:

Cash Account

Purchases must be paid in full at the time of purchase.

Margin Account

Allows you to use the securities in your account as collateral to borrow cash in order pay for securities purchases. You pay the lender, our clearing firm, interest to borrow this cash. This is known as a margin loan. There are limitations to the types of accounts that may have a margin loan, and how much cash may be borrowed.

Only certain securities are eligible to be used as collateral for a margin loan. These are securities that are liquid and can be sold quickly at prices close to what is currently quoted.

A certain level of equity must be maintained in the account at all types, otherwise you may be required to deposit cash or sell securities in order to maintain that minimum equity. Because securities that are used as collateral can change value, this means that the value of the collateral, and the amount of the cash that can be borrowed changes constantly. Losses greater than the original investment are possible.

A margin loan is a variable rate loan, which means that interest rates will not remain constant, and may rise, which can increase the cost of your loan.

In order to establish an account, you would need to sign a Margin Agreement, and get approval for the margin account. More information on the risks associated with this account are in the margin disclosure located at this link: https://www.cald.com/legal-disclosures.

Fees Associated with Accounts

Custodian and Account Maintenance Fees

Our clearing firm will charge you for services that they provide your account. This includes fees for processing credit requests, handling corporate actions on the securities that you own, transferring assets to and from your account, debit balance interest charges, fees and other fees associated with maintaining your account. Some types of accounts, such as retirement accounts are charged a fee in order to maintain the account. These fees are typically charged at account opening time and then annually thereafter. For more information about these charges, please consult the Custodial Fee Disclosure at https://www.cald.com/legal-disclosures.

Transaction Charges when Purchasing or Selling Securities

If you have a brokerage account, you will be charged a commission when you purchase or sell securities in your account. The commission charged will depend on the product, the size of the transaction, and the work involved in performing the transaction. For costs regarding specific products, see the section below for each product type that we offer.

Advisory Fees

If you have a managed advisory account, you will pay advisory fees based on a percentage of the value of the assets held in your account. You can find out more information from your Form ADV brochure, located at https://www.cald.com/legal-disclosures.

Clearing Services

Caldwell Sutter Capital, Inc. clears its transactions through a clearing firm, Wedbush Securities, Inc. The accounts are brokerage accounts of Caldwell, however all assets are custodied at and transactions are cleared through our clearing firm. The fees that are discussed in this disclosure that include the custodian fees and the account maintenance fees are charged by our clearing firm. Caldwell does not share in these fees as revenue.

Account Minimum and Activity Requirements

There is no account minimum nor any activity requirement to maintain an account with us as such. If you are an advisory client that is using our brokerage services, then you should consult your Form ADV Part 2A brochure at https://www.cald.com/legal-disclosures to find out more information about what minimum levels may be more suitable for your managed account.

Section III – Products

Understanding Risk

When you invest in securities, it is important to understand the risks involved. Investing in securities, on a basic level, involves the risk in losing the money that you invest in the securities. You should carefully consider your level of risk tolerance in helping to determine what kinds of investments are suitable for you. If your risk tolerance is more aggressive, then you may invest in securities that have a higher level of risk of loss of principal. You can talk with your representative about what investment options are more suitable for you based on your investment objectives and goals, and the time horizon on which you may need access to your investments. Different types of securities have different types of risk. They can include (but are not limited to):

- **Market risk** – The risk of a security declining in value due to market conditions. This is independent of the security issuer's individual circumstances.
- **Business risk** – The risk of a corporation not performing in line with what expectations were when you purchased the securities of that corporation.
- **Credit risk** – The risk that the principal and interest are not paid on time by the issuer.
- **Default risk** – The risk that an issuer cannot remain solvent and cannot pay debt obligations in a timely manner. This can include both income payments and principal redemptions.
- **Liquidity risk** – The risk that the security can not be sold easily due to there being fewer potential buyers to buy the security you are attempting to liquidate.
- **Interest rate risk** – The risk of bond prices declining when interest rates rise. All bonds are subject to interest rate risk.
- **Reinvestment risk** – The risk that future proceeds from investments will need to be reinvested at a lower interest rate (or other income rate).
- **Political risk** – The risk that the value of a security could decline due to political changes in a country.

Equities

Description

Equities are shares of ownership in a particular company. The type of ownership may depend on the organization of the company.

Characteristics

Some offer dividends, have voting rights on company, and have relatively lower investment requirements compared to other products.

Risks

Rights are junior to other creditors, such as bondholders, in case of bankruptcy. They may lose value based on poor performance of the issuer. They may be subject to market risk and business risk. They may be subject to other risks based on the company.

Compensation

Caldwell may be compensated by commissions and a portion of the sales concession if you participate in an initial public offering or a secondary offering. We may also offer equities in a private placement to qualified investors, in which case we could be paid a placement fee based on the size of the offering for our services.

Fixed Income Securities

Description

Fixed income securities are debt securities offering investors a fixed cash flow. In general, the specific characteristics and timeline for the bonds make it one of the most predictable asset classes and can be a more conservative means to protect an investor's wealth and/or to provide steady income.

Characteristics

Fixed income securities can have several characteristics which can help determine the risks on the investment. This list is not exhaustive, but these are some of the common characteristics:

- Insurance – Some fixed income securities are insured. Any insurance option provided only applies to the principal, and not any premium, and does not protect you from market risk. There is always the possibility the insurer could be unable to pay its obligations for various reasons, including bankruptcy or insolvency.
- Optionality – Special options can be available to the issuer or the bondholder. The call feature will allow an issuer to call, or pay down, the debt at a predetermined date, based on a predetermined formula or price, prior to maturity. This can often leads to lower returns than expected if the security is held to maturity. A put feature allows the investor to put, or retire, a bond early and retrieve their principal prior to the maturity date. Sometimes the bond is convertible into stock of the issuing company, if a corporate bond.
- Original Issue Discount (OID) – These securities are issued at a price less than the stated redemption price at maturity. OID may be deemed interest income and may be reportable for tax purposes as it accrues whether or not you receive any interest payments from the issuer during the year. Please consult your tax advisor regarding specific OID tax treatment.
- Variable coupons – These can also be called floaters. These pay at interest rates that vary over time and are tied to a specific index.
- Zero coupon bonds – These bonds are issued at a deep discount. These do not have periodic interest payments, but pay the resulting interest plus the original premium in a lump sum at maturity.

Risks

Fixed income securities can include credit risk, default risk, interest rate risk, reinvestment risk, liquidity risk, and political risk for government-related fixed income securities.

Types of Fixed Income Securities Offered

The following types of fixed income securities are offered at Caldwell.

- Corporate bonds – Debt obligations issued by companies. Corporate bonds have a higher priority than stock to be paid back in the event of bankruptcy, and interest payments have a higher priority than the dividends paid on common stock.
- Tax-Exempt Municipal Bonds – Issued by state and local governments as well as other governmental entities to fund capital expenditures, including basic municipal infrastructure. Interest on these bonds is generally exempt from federal taxation and may or may not be free of state and local taxes, especially when you reside in the state the bond is issued in.
- Taxable Municipal Bonds – Issued by state and local governments to fund redevelopment districts, stadiums, pensions, utilities and other projects. Interest or other investment return is included in gross income for federal tax purposes and may also be subject to state and local taxes.
- U.S. Treasury securities – Issued by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed as to the timely payment of principal and interest.
- Preferred securities – A security of a company that are comparable to fixed income investments as their dividend payments are generally fixed over the term of the investment and will react similarly to other debt investments to changes in market conditions. These securities are typically subordinate to corporate bonds in terms of order of payment in case of insolvency, but get priority of payments to common stockholders.
- Brokered Certificates of Deposits (CDs) – These are purchased through a broker and held in a brokerage account but are considered deposits with the institution that issued the brokered CD and are insured by the FDIC. FDIC deposits are insured for up to $250,000 per issuer held in different account types.
- Mortgage-backed securities and Collateralized Mortgage Obligations – Priced based on an average life, which includes prepayment assumptions that may or may not be met, and changes in prepayments may significantly affect yield and average life.

Compensation

The compensation paid to Caldwell for these securities depends on the market the issue is purchased in.

- Primary Market – On new issue securities, the compensation that Caldwell receives is embedded into the initial offering price through a sales concession and/or placement fee, which is paid to your financial advisor if they are compensated on a basis of percentage of revenue. Caldwell may also be paid the portion of an underwriting fee if we are the underwriter on an issuance, as disclosed in the applicable offering documents.

- Secondary Market – Your purchase or sale of a fixed income security may be executed on a principal or agency basis as detailed below in the Compensation Received from Clients section below.

Mutual Funds

Description

Mutual funds are a package of securities managed by a professional investment adviser. They pool the money of all investors in the mutual fund to invest based on a specific strategy, such as an asset class, sector, or return objective. They can be purchased or redeemed daily based on that day's net asset value (NAV), the total portfolio value divided by the number of units issued.

Characteristics

Mutual funds are professionally managed, and are priced daily, which is known as the net asset value. They typically have low minimum investment amounts and offer more diversification in a single security compared to investing in the assets of a single issuer. There is no limit to the shares or units that can be created and are effectively issued in a continuous public offering. When shares or units are redeemed, they are redeemed at NAV, and then are retired.

Risks

They are subject to market risk. Depending on the strategy or market conditions, a mutual fund may also cause concentration within the type of mutual fund selected. They may also exhibit the characteristics of the securities in the underlying portfolio. You should consult the mutual fund's prospectus for more details about that specific mutual fund's risks and characteristics.

Compensation

The costs and fees vary between mutual fund products and can include, front end sales charges, trailing commissions, 12b-1 fees and contingent deferred sales charges. These fees are detailed in the mutual fund's prospectus, and can depend on the share class of the mutual fund selected:

- Share Classes: Mutual funds can come in different share classes which can have fees and charge schedules that differ between the different classes. There are three classes, Class A or 1 shares, Class B or 2 shares, and Class C or 3 shares. Class A shares carry a "front-end" sales charge or "load" that is deducted from your investment at the time you buy fund shares. The sales charge is a percentage of your total purchase. Many mutual funds offer volume discounts to the front-end sales charge assessed on Class A shares at certain pre-determined levels of investment, which are called "breakpoint discounts," which are discussed below. In contrast, Class B and C shares usually do not carry any front-end sales charges. Instead, investors that purchase Class B or C shares pay asset-based sales charges (such as a 12b-1 fee) which may be higher than the charges associated with Class A shares. Investors that purchase Class B and C shares may also be required to pay a sales charge known as a contingent deferred sales charge when they sell their shares, depending on the rules of the particular mutual fund. In addition, in some circumstances, you may be eligible institutional class shares, which greatly reduce these fees and charges. Ask you representative about your ability to buy an institutional class share.

- Breakpoint Discounts (for Class A Shares): Many mutual funds offer ways to qualify for discounts on the sales charge associated with the large purchase of Class A shares. These are known as breakpoint discounts. The larger the investment in the mutual fund, the larger the discount becomes. In some cases, the sales charge is waived entirely for very large purchases. The mutual fund's prospectus provides details of what these charges are and the levels of investment at which the breakpoint discount applies. In addition, mutual funds may allow investors to qualify for breakpoint discounts based upon current holdings from prior purchases through Rights of Accumulation, and future purchases based on Letters of Intent.

- Rights of Accumulation: A mutual fund may allow investors to count the value of previous purchases of the same fund, or another within the same fund family, with the value of the current purchase to qualify for breakpoint discounts. These can be holdings in multiple account types with us or another broker-dealer or similarly accounts with people in your household. The exact rules of what can be included depend on the mutual fund. Similarly, how to value those holdings differ between mutual funds. For example, some funds use the current net asset value (NAV) or the cost of the initial purchase. Depending on the type of valuation, you may need to provide documentation to qualify for the breakpoint discount. You should advise your broker about your current holdings in order to help you determine if you qualify for a breakpoint discount.

- Letters of Intent: If you intend to purchase an amount of a mutual fund over a short period, typically within 13 months, you may be able to qualify for a breakpoint discount by signing a Letter of Intent at the time of the first purchase when each individual purchase would not otherwise qualify for a breakpoint discount. Additionally, some funds allow for retroactive Letters of Intent that allow investors to rely upon purchases in the recent past to qualify for a breakpoint discount. However, if an investor fails to invest the amount required by the Letter of Intent, the fund is entitled to retroactively deduct the correct sales charge based upon the amount the investor invested. If you do intend to make several purchases within a short period, you should consult your broker and the mutual fund prospectus to determine if it would be beneficial to sign a Letter of Intent.

Financial professionals of the firm may be compensated based on a percentage of the revenue earned from sales charges and trailing commissions.

Closed-End Funds (CEFs)

Description

Closed-End Funds are publicly traded investments that are actively managed by investment advisers. CEFs are similar to mutual funds in that they are investments that pool other investments that are managed by an investment adviser. However, a fixed number of shares are issued in an initial public offering (IPO), and then are traded on an exchange, similar to how equities trade. Because of this, while the net asset value (NAV) is calculated similarly to mutual funds, the pricing is based on intraday trading, the same as stocks and other similar investments.

Characteristics
CEFs are professionally managed, and are as trades happen on an intraday basis. They have no minimum investment restrictions or minimum holding periods on purchases and offer more diversification in a single security compared to investing in the assets of a single issuer. This allows intraday liquidity as compared to mutual funds, which are only purchased and redeemed daily, and more diversification than holding an investment in a single issue. They also typically have lower management feeds than mutual funds. If the last price is above NAV, this is known as a premium, and if the trading price is below NAV, it is known as a discount.

Risks
They are subject to market risk, and any risks that exist on the investments in the underlying portfolio. Even though they provide intraday liquidity, because they do not provide daily opportunities to purchase and redeem shares, ultimately CEFs may be less liquid than mutual funds.

Compensation
We are compensated on this investment in the same way we are for Equities. Please consult that section for more details on compensation.

Exchange Traded Products (ETPs)

Description
These are products that are listed on a stock exchange and can be bought and sold in the equity trading markets. They track an underlying benchmark, index or portfolio of other investments.

Characteristics
They are typically structured as a registered unit investment trust (UITs), exchange-traded funds (ETFs) or exchange-traded notes (ETNs) and are professionally managed. They offer low minimum investment amounts. In order to achieve their objectives, ETPs either directly invest in assets that track the benchmark or utilize a representative sample that attempts to replicate the performance of a benchmark. Because of this, they tend to be more passively manage and thus have generally lower management-related expenses than mutual funds. Further description of each ETP's underlying portfolio is available in the ETP's prospectus.

Risks
Actively managed ETPs typically charge higher fees than ETPs that passively track an index. They also may have lower trading volumes, which may increase liquidity risk. The ability of issuers to perpetually create new shares contributes to their efficiently and accurately tracking their respective indices. However, issuers may cease or suspend creating new shares, which may cause ETPs at a price that different significantly from the value of the underlying holdings or index. ETPs may trade at a discount or premium to intrinsic value. ETPs can be liquidated for a variety of reasons which can force taxable events for investors and can incur costs associated with the liquidation of the ETP. ETPs, in general, can also include risks of the asset classes in the underlying investments, and you should consult the ETP's prospectus for information.

Types of ETPs Offered at Caldwell
The following types of exchange traded products are offered at Caldwell:

- Actively Managed ETPs – These products do not seek to replicate the performance of a specified passive index of securities. They use an actively managed portfolio to meet the investment objective of the ETP.

- Passive or Non-Managed ETPs – These products seek to replicate the performance of an index or benchmark that they track.

- Exchange-Traded Notes (ETNs) – A senior, unsecured debt obligation designed to track the total return of an underlying market index or other benchmark, minus investor fees. The repayment of the principal, interest and any returns at maturity or upon redemption are dependent on that issuer's ability to pay. Thus, there is default risk on these investments.

- Exchange Traded Funds (ETFs) – These are managed by an investment company whose primary objective is to achieve the same or similar return as a particular market index. ETs can be invested either in all of the securities or in a representative sample of securities included in the index. ETFs are more appropriate for those willing to achieve market-like returns with lower management fees and operating expenses, but with little potential to outperform the respective indexes the funds track.

Inverse and leveraged ETPs, namely inverse and leveraged, are **not** available for purchase in Caldwell brokerage accounts.

Compensation
We are compensated on this investment in the same as we are for Equities. Please consult that section for more details.

Variable Insurance Products

Description and Characteristics
Variable insurance products offer insurance contracts with an investment component. There are two offered by Caldwell: variable annuities and variable life insurance. A variable annuity is a financial product that offers an income stream. Variable life insurance, like a standard life insurance contract, provides for a death benefit that represents the amount the life insurance company is obligated to pay upon the death of the insured. However, the cash value, and in some cases the death benefit, is not guaranteed and may reduce in value. The investments are similar to mutual fund investments and thus the value can fluctuate for the same reasons that mutual funds can. What options are available depends on the product. Please see specific insurance contracts for additional information.

The costs and fees paid by clients to the insurance company depend on the specific contract. Examples of these include:

- Ongoing costs – Annual fees are charged by the insurance company.
- Contingent Deferred Sales Charges (surrender charges) – Depending on the product, you may pay a fee if you cancel during the surrender charge period.

Risks

They are subject to market risk like other securities. There is the potential to lose value. The life of the insurance contracts are long term and there can be surrender charges that, this can limit the liquidity as if you surrender the contract, you may pay high fees, which will lower your return.

Compensation

Actual commissions received vary by insurance company, the type of product, the commission selected, and, in some cases, the amount of the investment. Trailing commissions are paid to us that are derived from the ongoing costs you pay to the insurance company.

Alternative Investments

Description

These are securities products that serve as alternatives to more traditional investment asset classes and may include products such as hedge funds, private equity funds, and private real estate funds. We may offer eligible clients a range of alternate investments. They can be organized in a variety of ways including limited partnerships.

Characteristics

These products can provide diversification for a portfolio overall, access to managers not generally available to individual investors, but are typically not liquid, meaning it may take time, once purchased, to liquidate the product should the need arise. These are long-term investments.

They may include the following costs paid to the investment manager:

- Management Fees – The fund manager will often charge a management fee that is based on the total value of your investment.
- Incentive-Based Compensation – Many managers will also receive incentive-based compensation. This is often a fee that is calculated based on a percentage of the profits generated for the investor. This is in addition to the management fees.
- Ongoing Fees or Placement Fees – Many alternative investments have upfront costs and ongoing fees, generally based on the total amount of your investment, directly relating to compensating your representative or advisor and us.
- Redemption Fees – There may be costs related to liquidating your position, especially if you liquidate shortly after you purchase, or if the product is specifically designed to be in limited liquidity or no liquidity situations.
- Other expenses – Expenses related to the legal structure of the investment and operational expenses of the investment may be charged to the investment, which may reduce your return.

You should consult any offering documents provided to you to find out more information regarding the investment.

Risks

They can involve substantial risks that may be greater than those associated with traditional investments and are not suitable for all investors. They may only be offered to clients who meet suitability requirements. Generally, risks include, but are not limited to, lack of liquidity, speculative investment products, and they have different regulatory and reporting requirements, including less transparency than some more common products. They can also often have higher management fees than other investments.

Compensation

We do not currently manage any alternative investments, however we may share in any fees paid to us from the investment manager. You should consult the offering documents to determine what fees might be paid to us.

Section IV – Our Compensation and Conflicts

Compensation We Receive From Clients

Transaction-based compensation

When performing securities transactions, we may charge a commission to execute the transaction. The amount of the commission depends on the size of the transaction, the security type, any work that was required to be performed in order to execute the transaction and specifically what security it is.

Markups and markdowns for principal transactions

We may also receive compensation by performing trades and what is called a principal basis. This is where the firm executes a securities transaction through its own account. When this happens, we may receive compensation that is the difference between the price the firm executed the trade with the market and the price the trade through the customer was executed at.

Account maintenance and other administrative fees

Caldwell's clearing firm, Wedbush Securities, Inc. charges account maintenance and other administrative fees for maintaining your account. Caldwell does not share in revenue received by Wedbush for these items.

Compensation We Receive from Third Parties

Transaction-based compensation from mutual fund companies

When you invest in mutual funds and other kinds of investments from product sponsors, Caldwell may receive compensation from the manager of that product for the execution of the transaction. For more specifics about what this entails, please consult each product above, and consult the materials that are specific to your investment, including any prospectus provided to you.

Trailing Fees and 12b-1 Fees

When you invest in some products, Caldwell may receive any asset-based compensation from the mutual fund company or other product sponsor on a periodic basis. This compensation comes from the principal that you have invested with the mutual fund company or other product sponsor. For more specifics about what this entails, please consult each product above, and consult the materials that are specific to your investment, including any prospectus provided to you.

Compensation in New Issue Securities

When Caldwell participates in a new offering of securities, the firm may earn compensation that are paid from the issuer. In some cases, this is the difference between the price the issuer sells their securities to Caldwell and the price of the issuance as stated in the security's prospectus. In other cases, Caldwell may earn a fee, either flat or based on the amount of securities issued that is paid to Caldwell for their participation in the offering.

Compensation Received by Financial Professionals

Financial professionals at Caldwell are paid ether on salary basis, or a percentage of revenue generated from sales of products and services. This includes transaction-based compensation, trailing fees, 12b-1 fees, investment advisory fees of managed accounts, and compensation earned from offerings of new issues

When a financial professional is compensated by percentage of revenue of sales of products in services, in a brokerage relationship, the financial professional's compensation will increase when the number of transactions increases, and the size of the account is larger. If you are invested in products that pay trailing commissions or 12b-1 fees. These commissions are typically paid out of the product and may impact returns in those products.

Transaction charges differ from one product to another, which creates an incentive for us to recommend products that have higher transaction charges. You will pay more commissions the higher the number of transactions, and also creates an incentive to recommend more trades in your account. In an advisory account where you will pay asset-based fees, this may not be the case. Please consult your Form ADV Part 2A at **https://www.cald.com/legal-disclosures** to find out more about your transaction fees on your advisory account.

When a financial professional is compensated by a percentage of advisory fees earned, in an advisory relationship, the financial professional's compensation will increase when the size of the account increases.

Bonuses may be paid to financial professionals, but are not on the basis of meeting performance goals.

On occasion, financial professionals may also attend conferences, which may include receipt of promotional items, meals, and entertainment. They may also receive gifts up to $100 per year per vendor.