

CUSO Financial Services, LP (referred to as “we,” “us,” or “CFS”) is registered with the U.S. Securities and Exchange Commission (“SEC”) as a broker-dealer and an investment adviser. Additionally, we are a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). We have a network of financial professionals who offer brokerage and investment advisory services. These services and their fees differ, and it is important for you to understand the differences.

To help you research firms and financial professionals, free and simple tools are available at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing. You should carefully consider which types of accounts and services are right for you.

What investment services and advice can you provide me?

Our financial professionals offer brokerage services, investment advisory services, or both, depending on their licenses. Each financial professional generally provides access to a range of investment products such as stocks, bonds, exchange traded funds (ETFs), mutual funds, annuities, and alternative investments. Please note that the range of investment options available to you may be limited depending on the licenses your financial professional holds or if he or she is located at a financial institution that does not offer certain options. Your account program may also have specific requirements, such as account or investment minimums. Ask your financial professional if any

investment limitations or account requirements apply. If your financial professional offers you both brokerage and advisory services, your financial professional will inform you when he or she offers an investment recommendation or advice and whether the recommendation or advice is part of a brokerage or advisory service. There are important differences between brokerage and investment advisory accounts, including their costs to you and the nature and extent of the services provided. Some of the key differences between brokerage and investment advisory services are described below.

Brokerage Services

- If you plan to follow a buy-and-hold strategy without ongoing advice from a financial professional and you prefer to pay for each transaction, a brokerage account may be the right choice for you.
- We offer full-service brokerage accounts with a wide variety of investments such as stocks, bonds, mutual funds, options, unit investment trusts, alternative investments, and exchange traded funds. We do not offer proprietary products.
- In most cases, we provide recommendations to you to buy, sell, or hold specific investments, but you must provide approval for each trade. You, not your financial professional, make the final investment decisions for your account.
- Although we do not provide ongoing monitoring of brokerage accounts, account reviews may be conducted periodically to determine whether to provide a recommendation.
- We do not have a minimum account size to maintain a brokerage account.

Investment Advisory Services

- If you want a financial professional to provide ongoing investment advice, an advisory relationship may be right for you.
- Some of the investment advisory services we offer include wrap fee programs and non-wrap fee programs; mutual fund asset allocation programs; advisory services programs offered by third-party investment advisory firms; financial planning/consulting services; and retirement plan consulting.
- There are different types of advisory accounts you can choose. You can select an advisory account that allows us to buy and sell investments in your account without asking you in advance (a “discretionary account”), or we may give you advice and you decide what investments to buy and sell (a “non-discretionary account”).
- For discretionary accounts, you give us, your financial professional or a third-party investment advisory firm authority to buy and sell investments in your account without asking you in advance. You may limit such discretion by imposing reasonable restrictions on investing in certain securities or groups of securities.
- For nondiscretionary accounts, you make the ultimate decision regarding the purchase and/or sale of investments.
- We will typically monitor accounts and investment models or strategies within accounts on an ongoing basis to align with your investment goals. However, in limited scope consulting or financial planning relationships, we won’t provide ongoing monitoring unless we say we will in writing.
- We require a minimum investment amount to manage your account in our advisory programs. The services of third-party investment advisory firms we offer typically require a minimum account size.

More detailed information about our brokerage services is provided in CFS's **Brokerage Services Disclosure Summary**. Detailed information about our advisory services can be found in our **Form ADV** (specifically Items 4 and 7 of our Part 2A Brochure and Items 4 and 5 of our Part 2A Appendix 1 Wrap Fee Brochure). Applicable disclosures are available to you at [cusonet.com/disclosures/](https://www.cusonet.com/disclosures/).

Conversation Starters. Questions to ask your financial professional:

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including licenses, education and other qualifications? What do these qualifications mean?

What fees will I pay?

There are important differences between brokerage services and advisory services, including their costs to you. Below we describe the fees you could be charged depending on your investment choices.

Fees Associated with Brokerage Services

- For brokerage services, we charge a transaction-based fee (sometimes referred to as a commission) every time you buy or sell an investment. The amount you pay as a transaction-based fee varies according to the particular investment and amount invested. The more trades you make, the more transaction-based fees we earn. This creates an incentive for us to encourage you to trade often.
- For investments in stocks or ETFs, the transaction-based fee is usually charged as a separate commission that is added to the principal amount of the transaction. For investments in bonds, this fee is typically included as part of the price you pay or receive for the investment (called a markup or markdown).
- For investments in certain products like mutual funds, annuities, and alternative investments, we receive transaction-based fees from the product sponsors in the form of sales charges (e.g., sales loads). These fees are based on the amount invested in a product and, depending on the product, may be based on how long you hold the investment. Our receipt of such sales charges creates an incentive to recommend products or sponsors that pay such charges.

Fees Associated with Investment Advisory Services

- For investment advisory services, we typically charge an ongoing fee (sometimes referred to as an asset-based fee) which is paid monthly or quarterly in advance or in arrears. This fee is a percentage of the value of your account. You pay this fee even if you don't buy or sell investments. The more assets you have in an asset-based fee account, the more you'll pay us in fees. This creates an incentive for us to encourage you to increase the size of your account, including by transferring or rolling over assets from other accounts. For some types of accounts, there is a per transaction charge in addition to an asset-based fee. We may also charge an hourly fee or fixed fee for additional services such as financial planning and consulting services that are of limited duration or nature.
- For wrap fee program accounts, you will pay us a single asset-based fee. This fee covers most transaction costs and certain administrative and custodial costs associated with your investments. If you expect to trade infrequently or to pursue a "buy and hold" strategy, a wrap fee program may cost you more than paying for the program's services separately, and you may want to consider a brokerage relationship rather than an advisory relationship. For non-wrap fee programs, there are asset-based fees for investment advice, but separate transaction fees.
- Some investments (such as mutual funds and variable annuities) incur additional fees and expenses that will reduce the value of your investment over time.
- The fee you pay your financial professional is generally negotiated with him or her directly and subject to different maximums depending on the advisory program selected.

Other Fees and Costs

If applicable to your account, you will be charged for other fees in addition to brokerage commissions and advisory fees, including the following: (1) outgoing transfers, IRA maintenance and termination fees, ticket charges, and direct registration of securities; (2) cash management fees such as checking, wire transfer charges, margin fees, and stop payments; (3) investment specific fees such as those for administration of alternative investments or foreign securities; and (4) asset-based fees on mutual funds, ETFs, and other pooled funds.

For more information, please see our **Brokerage Account Fee Schedule**. Disclosures are available to you at [cusonet.com/disclosures/](https://www.cusonet.com/disclosures/). You should understand that these fees are not charged by us but by our brokerage account custodians or product sponsors, depending on where your account is custodied. We mark-up and receive a portion of

many of the fees charged by our brokerage custodian which results in increased costs to you. This results in a conflict of interest because we are incentivized to recommend custodians that share fees with us, or that permit us to markup their fees. You may also incur fees charged by the particular investment product in which you are invested, including mutual funds, ETFs, and other pooled funds, in addition to brokerage commissions and advisory fees charged by us. Some of these fees may be shared, as described below in Third-Party Payments.

Certain investment products have significant fees triggered by particular events, e.g., fees for excessive transfers or early withdrawals. Depending on the investment product in which you invest, fees and costs are described in the product's prospectus or other offering document.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Detailed information on our advisory fees can be found in our **Form ADV** for your advisory program (specifically Item 5). Detailed information on our brokerage fees can be found in our **Brokerage Services Disclosure Summary**. Disclosures are available to you at cusonet.com/disclosures/.

What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice that we provide to you. Below are some examples to help you understand what this means. If you have any questions about whether any of these situations could apply to your investments, ask your financial professional.

All financial services companies have conflicts of interest. Specifically, there are conflicts of interest associated with the compensation that we and our financial professionals receive. Accordingly, we have adopted conflict mitigation practices that are tailored to the nature and scope of our conflicts of interest.

Commissions or other compensation related to one financial service provider, product, investment, or service may be higher than commissions or other compensation related to a comparable provider, product, investment, or service. Those higher rates of compensation provide incentives to us (and our financial professionals) to recommend certain providers, products, investments, or services over those with lower rates of compensation.

Third-Party Payments

We receive compensation from third parties related to investments you make in certain products, including mutual funds, ETFs, annuities, alternative investments, and other investments. This compensation includes ongoing distribution charges (e.g., 12b-1 fees or trail payments), which an investment product charges you and then pays to us.

We also receive various benefits from our relationship with our clearing and custodial firm, Pershing LLC. Some examples include revenues from uninvested cash balances you authorize us to move into a money market fund and/or FDIC insured bank deposit product, a growth assistance credit to help us grow our business on the Pershing platform, and a portion of certain account transaction, service, and custodial fees that exceed the amount we are charged for these transactions and services. This creates an incentive for CFS if you open a brokerage account and maintain a cash balance with us.

We also receive revenue sharing payments from sponsors who participate in our marketing program called the Partners Program. This program supports our marketing, training, and

Conversation Starters. Questions to ask your financial professional:

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

educational initiatives and helps pay for annual awards for financial professionals who produce the most revenue overall and for our general marketing expenses. Because we receive payments from these third parties, we have an incentive to recommend or invest your assets in those investments. Detailed information regarding third-party payments can be found in our **Third-Party Compensation Disclosure** at cusonet.com/disclosures.

Principal Trading

In brokerage accounts, we sometimes directly buy from you or sell to you investments including bonds or certain shares of mutual funds, unit investment trusts (UITs), or alternative investments. These are called principal trades. If the principal trade involves a bond, we receive a markup or markdown by either buying the bond from you at a lower price than we will sell it for or by selling the bond to you at a higher price than we bought it for. That creates an incentive for us to either buy the bond from you at the lowest price possible or sell the bond to you at the highest price possible and maximize our profit on the principal trade. We do not maintain a bond inventory.

Detailed information on our conflicts of interest can be found in our **Form ADV** for your advisory program and for brokerage services in our **Brokerage Services Disclosure Summary** found at cusonet.com/disclosures/.

Conversation Starters. Questions to ask your financial professional:

- How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

The agreement between each financial professional and CFS sets out the payments we make to them. Our financial professionals can provide brokerage services, advisory services, or both. Those who provide you with brokerage services generally receive a portion of the commission or markups/markdowns from your trades. When providing advisory services, our financial professionals receive a portion of the advisory fee that you pay. Receiving a portion of the advisory or brokerage fees you pay to us creates an incentive for a financial professional to encourage you to increase your investment account size, trade more frequently, or recommend products that pay higher commissions.

We also compensate financial professionals and your financial institution based on production, including payments based on the amount of client assets they service and the products they sell. In addition, our financial professionals receive different amounts of compensation for selling different types of investments or services. This could include, for example, a share of the 12b-1 fees, trail payments, or sales loads paid to us by an investment product. Although your financial professional must recommend investment products or manage your account in your best interest, these additional forms of compensation create an incentive for them to recommend specific financial products. Our financial professionals receive compensation in other ways, including:

- Transition assistance to your financial institution if your financial professional moved to us from another company. This assistance can include repayable or forgivable loans

and/or waiving, subsidizing, or reducing other costs associated with transitioning the financial professional's business. This assistance creates an incentive to migrate and maintain business with us, and to sell or recommend the sale of investments held in an account if we do not offer those investments.

- Waived or reduced costs for marketing, technology, practice management programs, or subscriptions.
- An annual awards program based on total sales with the firm overall, accumulating assets, or for non-registered insurance sales.
- Non-cash benefits from product sponsors and third-party money managers including items such as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, support in connection with educational meetings, seminars or client appreciation events, and reimbursement for marketing or advertising initiatives, including services for identifying prospective clients.

Your financial professional is legally required to act in your best interest and not put his or her interests ahead of your own. We have systems in place to mitigate the conflicts of interest that arise from the way our financial professionals are paid, including systems to review whether a recommendation is in your best interest. More information on our financial professionals' compensation can be found in our **Form ADV** and **Brokerage Services Disclosure Summary** found at cusonet.com/disclosures/.

Do you or your financial professionals have legal or disciplinary history?

Yes. Visit investor.gov/CRS for a free and simple search tool to research our firm and our financial professionals.

Conversation Starters. Questions to ask your financial professional:

- As a financial professional, do you have any disciplinary history? For what type of conduct?

Additional Information

Please visit the Disclosures page on cusonet.com for more information including a copy of the **Brokerage Services Disclosure Summary, Form ADV**, and other disclosures referenced herein.

If viewing a paper version of this form, please visit cusonet.com for hyperlinks to cross-referenced documents. If you would like additional, up-to-date information, a current copy of this Client Relationship Summary, or if you have a problem with your financial professional, please call us at (800) 686-4724.

Conversation Starters. Questions to ask your financial professional:

- Who is my primary contact person?
- Is he or she a representative of an investment adviser or a broker-dealer?
- Who can I talk to if I have any concerns about how this person is treating me?