

Securities Management and Research Inc.
Client Relationship Summary (“Form CRS”)¹
June 30, 2020

Securities Management and Research Inc. (“SM&R”, “us”, “we”, or “our”) is a broker-dealer registered with the U.S. Securities and Exchange Commission (“SEC”). Brokerage and investment advisory services and fees differ, and it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

Our brokerage services include buying and selling securities at your direction. From time to time and upon your request, we will recommend investments to you and provide you with financial tools and investor education. You make the ultimate decision regarding the purchase or sale of investments. Unless we state otherwise in writing, we do not monitor your brokerage account or investments for you. We do not offer proprietary products or limit our recommendations or offerings to particular asset classes, products, or products of sponsors who pay us compensation, but we expect to receive compensation from third-parties (including investment managers) with respect to certain products (including mutual funds, variable annuities, and alternative investments). Not all of our financial professionals are licensed to offer all of our investment products. We do not have account minimums for our brokerage accounts, however some of the investments we offer are subject to investment minimums.

For additional information, please see www.berthel.com/disclosures for our Fee Schedule and our Regulation Best Interest Disclosures. Certain of our financial professionals are also financial professionals of our affiliate BFC Planning, Inc. (“BFCP”), and offer advisory services through BFCP. Please see BFCP’s Form CRS available at www.berthel.com/disclosures for more information about BFCP’s services.

Ask your financial professional: *Given my financial situation, should I choose a brokerage service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

What fees will I pay?

You will pay us a “commission” or other fee for each transaction. These fees may include an up-front load or a “trail” fee that is charged as long as you hold the investment. If we buy a security from you to place it into our inventory or sell a security to you out of our inventory (as “riskless principal”), we mark up the price you pay or mark down the price you receive, which is a benefit to us. We also receive a portion of fees charged by our clearing firm (which are shared with us), such as custodial, account maintenance, transfer and administrative services fees. You will be charged more when there are more trades (and larger trades) in your brokerage account. We therefore have an incentive to encourage you to trade more often (and in larger amounts).

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. Certain investments, for example mutual funds and variable annuities, impose additional fees that will reduce the value of your investment over time, or surrender charges if you sell the investment before you hold it for a specified time period. These fees are disclosed in the investment’s prospectus or other offering document.

For more detailed information about our fees and costs please review our Regulation BI disclosure and Fee Schedule found at www.berthel.com/disclosures.

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?*

What are your legal obligations to me when providing recommendations? How else does your firm make money and what conflicts of interest do you have?

When we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of

¹ This disclosure is provided to comply with the SEC’s Form CRS and Regulation Best Interest disclosure requirements. It does not create or modify any agreement, relationship, or obligation between Securities Management and Research Inc. (and your financial professional) and you. Please consult your agreements with us for all terms and conditions controlling your account and relationship with us.

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, we provide you. Here are some examples to help you understand what this means.

- ***Third Party Payments:*** We receive compensation, payments and other benefits from certain unrelated product sponsors (or their affiliates) if you invest in their products. Therefore, we have an incentive to recommend that you invest your assets in products of sponsors that provide us the greatest levels of such compensation, payments and other benefits.
- ***Product Sponsor Support:*** Some product sponsors, as well as other third parties such as our custodian and clearing broker, provide our financial professionals training, travel expense reimbursements, gifts, entertainment, and meals to encourage and aid in the selling or recommending of their products, which means that we have an incentive to offer, and our financial professionals are incentivized to recommend, their products over other products.
- ***Riskless Principal Trading:*** Because we earn mark-ups and mark-downs on riskless principal transactions, we have an incentive to recommend that you purchase securities that we can trade on a riskless principal basis.
- ***Bank Sweep Program:*** Brokerage accounts that participate in our Bank Deposit Sweep Program provide us with compensation for deposits in banks that are a part of this program. Accordingly, we have an incentive to make recommendations that generate uninvested cash that will be deposited through the bank sweep program and to choose participating banks that pay greater amounts of compensation to us for such deposits. Please refer to Bank Sweep Program disclosure document at www.berthel.com/disclosures.

Ask your financial professional: How might your conflicts of interest affect me, and how will you address them?

For more detailed information about our fees and costs please review our Regulation BI Disclosure and Fee Schedule found at www.berthel.com/disclosures.

How do your financial professionals make money?

Our financial professionals are compensated as independent contractors based upon a percentage of their production (i.e., the commissions and similar compensation paid to us by their clients). This percentage varies by product and service, the financial professional's production level, industry experience and tenure with us. Financial professionals are also eligible for trips and awards based on their production. The compensation and other benefits we provide create an incentive for your financial professional to recommend transactions and services that generate greater revenue for us.

Some financial professionals are eligible for recruiting packages and forgivable loans that provide additional incentives to recommend that you open accounts with and transfer your assets to Berthel. Additionally, if your financial professional is also a representative of one of our affiliates, he or she will be compensated based on the revenue he or she generates for that affiliate. Financial professionals also receive non-cash compensation and other benefits from companies that provide investment products and services on our platform, including business entertainment, expense reimbursement for travel associated with educational or similar business meetings, financial assistance in covering the cost of marketing and sales events, and nominal gifts. These benefits create an incentive for the financial professional to recommend (and maximize the use of) products and services of companies that provide to them. **For more detailed information about Financial Professional compensation please review our Regulation BI Disclosure found at www.berthel.com/disclosures.**

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

Yes. Visit Investor.gov/CRS or brokercheck.finra.org/ for a free and simple search tool to research our firm and our financial professionals.

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

For additional information about our services or to request a current copy of this relationship summary please visit www.berthel.com/disclosures; email FormCRS@smrinvestments.com or call us at 800-356-5234.

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 concerns about how this person is treating me?