



Invicta Group

## Potential Conflicts with Products/Compensation

Our goal is to make sure our clients are informed about the costs of the various investment products and services that we offer, which is why we provide this overview of fees and how we generate revenue.

### **Brokerage and Advisory Services**

As an Invicta Group client, you benefit from a wide scope of services and resources we provide, whether we serve you as a broker-dealer, investment advisor, or both. While there are similarities between the brokerage and advisory services we provide, there are important differences, including the pricing structures for these services. For detailed information regarding the distinctions, please contact your representative or the home office of Invicta Group, or refer to the disclosure documents provided to you at the time of opening your account.

### **Brokerage relationships generated transaction-based compensation**

Investors pay transaction-based fees in connection with the products and services they receive, such as buying and selling stocks, bonds, mutual funds, annuity contracts and other investment products, as well as trading and exercising options. These fees can include commissions, transactions fee, loads and sales charges. Compensation to Invicta can include commissions, sales concessions, transaction fees, sales charges or expenses that are embedded in the purchase prices as well as compensation from third parties in some cases.

### **Advisory relationships have fee-based compensation**

Clients pay a set fee or a fee based on a percentage of the assets in the account according to an investment advisory program agreement. In some circumstances, Invicta, our Financial Advisors and our affiliates may receive additional compensation from third parties in connection with the assets in clients' advisory accounts. This compensation may be in addition to the fee that a client pays for investment advisory services.

### **Pricing of products and services**

Clients may purchase many products and services in either transaction-based or fee-based accounts, or a combination of both.

### **Factors that affect pricing**

It is difficult to compare transaction-based and fee-based options solely on the basis of price. You may pay more or less in a fee-based program than you would pay if you purchased the products and services separately in a transaction-based account. The costs of either type of account depend on a number of factors, including but not limited to:

- Product and service provided
- Size and value of your account(s)



- Mix of products you hold
- Frequency with which you trade
- Administrative or management fees associated with the products or services you purchase

Please consider the costs and services associated with each option carefully and speak with your Financial Advisor about which approach is most appropriate for you.

### **Sources of Revenue**

Our firm earns revenue from our clients and for some products and services, from third-parties, which may include product vendors, underwriters and investment managers whose products and services are purchased by clients.

### **Revenue received from clients**

In general, our firm receives revenue from clients in the following ways:

- Commissions charged to clients in connection with the purchase or sale of investment products
- Asset-based and other fees for our investment advisory programs and services
- Sales loads, commissions or fees for various financial products, such as mutual funds, alternative investment funds, unit investment trusts (UITs), insurance and annuities

Revenue received from clients is debited from accounts unless stated or agreed to otherwise

### **Revenue from third parties**

Invicta may, in addition to revenue received from clients, earn revenue from third parties in the following ways:

- For some alternative investment funds that are managed by third-party or affiliated investment advisers, we may receive fees for distribution, or solicitation services or a combination of both
- Third parties providing investment advisory or investment management services pay us fees in the form of a recurring fee, a one-time fee, a portion of the third party's fees or revenues or as otherwise agreed with the third party for solicitations or referrals

### **Correcting trading and other errors**

Invicta has procedures for resolving trading and other errors that occur from time to time. We maintain an error account to facilitate handling trading and other errors. Gains attributable to trading errors are offset by any losses attributable to other errors in the error account.

### **Financial Advisor Compensation**

In general, we pay our Financial Advisors cash compensation based on a production payout percentage (a payout grid) based on the product related revenue (called production) that each Financial Advisor generated during that month or quarter with respect to the clients he or she serves, minus certain adjustments that are specified in the Advisors' contract with Invicta.



We reserve the right, at our discretion and without prior notice, to change the methods by which we compensate our Financial Advisors, including reducing and/or denying production payout at our discretion for any reason.

For our Investment Advisory Programs (asset-based fee programs), the payout rate is applied to the assets held by the client, the payout can be reduced for accounts valued at certain thresholds. Advisory accounts in relationships with assets over certain thresholds may have customized pricing and payouts as approved by the firm. We may reduce or terminate the payout rates described above to Financial Advisors in connection with accounts they service that do not meet certain prescribed asset levels on a household basis or for transactions or fees below specified amounts.

### **Compensation from the purchase and sale of investment products**

In general, our Representatives are compensated from the following sources of revenue:

- Commissions charged to clients in connection with the purchase, or sale, of equities, fixed income products and other investments
- Underwriting concessions in connection with products sold in initial offerings; Representatives generally earn more for products sold in initial offerings than for those purchased and sold in secondary offerings.
- Asset-based fees charged in connection with our investment advisory programs and financial planning services.
- Sales loads, commissions and 12b-1 fees for various financial products such as mutual funds, alternative investment funds, unit investment trusts, insurance and annuities.

### **Non-cash compensation**

We may, and our Representatives may, receive non-cash compensation from mutual fund companies, investment managers, UIT sponsors, annuity providers, insurance vendors and sponsors of products, including ETFs. This compensation may include the following:

- Occasional gifts up to \$100 per vendor per year
- Occasional meals, tickets or other entertainment of reasonable and customary value
- Sponsorship support of educational or training events (which include educational events Financial Advisors arrange for clients and prospects) and seminars and/or payment of expenses related to training and education of employees, which can (and often do) include a non-training element of the event.

The receipt of cash and non-cash compensation from sources other than clients, and the differences in which we compensate Representatives for the products we offer, create an incentive for the Financial Advisors to recommend certain products over others. We address these conflicts of interest by maintaining policies and procedures on suitability and supervision of the products and services we offer to you, and by disclosing our practices to ensure you make a fully informed decision.



## **Conflicts of Interest**

Conflicts of interest arise as a consequence of the firm's interests and our relationships with multiple clients, other financial services firms and vendors with whom we conduct business. Examples of conflicts of interest that arise as a result of our compensation structures are described below.

### **Representative compensation**

The receipt of cash and non-cash compensation from sources other than clients, and the differences in the way we compensate Representatives for the products offered, create an incentive for the Representatives to recommend certain products over others. We address these conflicts of interest by maintaining policies and procedures on the suitability and supervision of the products and services we offer to you, and by disclosing these conflicts so that you can make a fully informed decision.

### **Products Recommended**

Please note that your Representative may only recommend or refer you to investments offered for sale through our custodians. For most products, you will receive a trade confirmation and these investments will be reflected on your statement of account (provided by the custodian), limited exceptions include certain insurance products. Trade confirmations that indicate "Solicited" highlight transactions that were recommended by your Representative. Please review your trade confirmations, and account statements promptly to ensure they are accurate and consistent with your instructions and investment objectives. If you do not receive a trade confirmation or have any questions or concerns about whether a recommended product or service is offered through our custodians, please contact your Representative or the home office of Invicta.

### **Revenue Sharing**

If Invicta receives revenue sharing compensation or distribution support from distributors or advisors of mutual funds, annuity products, UITs and other products we offer, it presents a conflict of interest between our interests and those of our clients. Because the payments are not shared with the Representatives it is a conflict only at the firm level but can create incentives for the firm to promote products for which we receive revenue sharing payments.

Invicta does not currently participate in any Revenue Sharing Agreements.

### **Non-cash compensation**



When and if a vendor decides to contribute toward training and educational programs, in some instances the contributions per vendor (as well as the aggregate received from all vendors) could be significant. Representatives do not receive a portion of these payments. However, Representatives' receipt of non-cash compensation such as occasional gifts, meals or entertainment and/or their attendance and participation in educational or training forums, and the increased exposure to vendors who sponsor these events, may lead Representatives to recommend the products and services of those vendors as compared to those vendors that do not provide non-cash compensation or sponsor such events. We address these conflicts of interest by maintaining policies and procedures on suitability and supervision of the products and services we offer to you, and by disclosing our practices to ensure you make a fully informed decision.

### **Rollovers from an employer-sponsored retirement plan into an IRA**

When, based on the recommendation of an Invicta Representative, you roll over assets of an employer-sponsored retirement plan (such as a 401(k), 403(b) 457(b), profit sharing or defined benefit pension plan) a conflict of interest exists due to the financial benefit to the firm. You are responsible for evaluating the investment and non-investment considerations for moving such assets (versus continuing to hold them in your employer-sponsored retirement plan).

## **About our fees, charges and other compensation—by product**

The sections that follow offer an overview of the compensation Invicta receives for the variety of products and services that our clients typically purchase in a broker account. Some of this compensation is paid to Invicta by clients and other compensation is paid by third parties. We provide specific fees or ranges depending on the product. If you believe that a product or service we provide is not covered in this guide, please contact your financial advisor.

### **Annuities and Insurance**

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Fixed, fixed indexed, single premium immediate and deferred income annuities

#### **Description**

--Fixed annuities are contracts issued by insurance companies that guarantee a fixed interest rate for a specified period of time

--Fixed indexed annuities are contracts issued by insurance companies where the returns are based upon the performance of a market index, such as the S&P 500. The principal investment is protected from losses in down markets, subject to the solvency of the issuer, while gains add to the annuities returns

--Single premium immediate annuities are contracts issued by insurance companies that are purchased by the client with a single investment for which income payments begin within one year of the contract date

--Deferred income annuities are contracts issued by insurance companies that are purchased by the client with a single investment or multiple investments for which income payments begin after one year of the contract date



### **Fees and charges paid directly by clients**

Typically, fixed annuities do not have upfront sales loads or ongoing expenses. The insurance company's costs are built into the interest rate paid on the contract. However, depending on the terms of the annuity, you can pay additional annual fees, including premium taxes and fees for any optional riders selected. Optional riders are provisions that may be added to an annuity contract to increase or limit benefits the contract otherwise provides. Annual fees are generally deducted from the annuity contract value. If the annuity is surrendered before a designated period of time, the client will generally have to pay the insurance company a surrender fees specified in the contract (the amount is reduced over time and generally lasts 5 – 10 years). All amounts payable to the insurance company are disclosed in the annuity contract.

### **Compensation Invicta receives from third parties**

Invicta receives commissions for the sale of an annuity from the insurance company issuing the annuity. The client does not pay Invicta directly.

Insurance companies pay Invicta:

- A commission in the first year, and
- Training (ongoing) commissions, if any, for each year the client owns the contract
- The amount of compensation that Invicta receives can vary depending upon, among other factors: (i) the duration of the annuity; (ii) the age of the client; (iii) the amount invested in the annuity; (iv) the chosen share class and/or; (v) the commission option selected by the Financial Advisor. Insurance companies allow the Financial Advisor to choose among various commission structures, which generally provide that when there is a higher first-year commission, there will be a lower or \$0 trail commission (and vice versa)
- For fixed indexed annuities, the first-year commission is usually between 1.50% - 4.00% of the client's initial investment, with an annual trailing commission of up to .25% of the total value of the annuity assets. Certain fixed annuities with long-term care insurance benefits (sometimes known as "hybrid products") pay a first-year commission between 1.00% - 7.00% of the client's initial investment, with an annual trailing commission of up to 1.00% of the total value of the annuity assets
- For fixed indexed annuities, the first-year commission is usually between 1.00% - 5.00% of the client's initial investment, with an annual trailing commission of up to 1.0% of the total value of the annuity assets.
- For immediate annuities, the first-year commission is usually between 0.75% - 4.00% of the client's initial investment, and usually has no annual trailing commission.

### **Representative compensation**

Representatives receive a portion of the commissions paid to Invicta by the insurance companies based on the grid rate applicable to them.

### **Additional disclosures**

For more information, please refer to the applicable annuity contract

### **Variable annuities**

Description



--Variable annuities are contracts issued by insurance companies into which the buyer makes a lump-sum payment or series of payments. In return, the insurer agrees to make periodic payments beginning immediately or at some future date. The client's premiums

are paid to the issuing insurance company

--At the client's direction, the insurer allocates the client's premium payments to investment options, such as subaccounts (which are similar to mutual funds) or directly into the general account of the insurance company that manages the portfolios. The value of the account during the accumulation phase and the payments after annuitization vary, depending on the performance of the investment options chosen. Variable annuities can be issued individually or as group annuities

--Group variable annuities are contracts issued by insurance companies to businesses or other eligible organizations often as funding vehicles for qualified and non-qualified retirement plans.

### **Fees and charges paid directly by clients**

Clients purchase the annuity and, depending on the terms and share class of the annuity, pay additional annual fees as follows:

#### *Mortality risk and expense charge ("M&E")*

This is a yearly charge that compensates the insurance company for insurance risks it assumes under the annuity contract. The charge typically ranges from 1.0% to 1.70% to the annual total account value.

#### *Administrative fee and annual maintenance fee*

(i) This yearly charge covers recordkeeping and other administrative expenses. This may be charged as a flat account maintenance fee (typically ranging from \$25 or \$50 per year) or as a percentage of the account balance (typically in the range of 0.15% per year)

(ii) Annual maintenance fees are not generally charged when the contract value reaches a specified level of value, such as \$50,000 or \$100,000. The annuity may charge both types of fees.

#### *Investment management fees and expenses*

(i) These fees and expenses are paid to the firm that manages the investment portfolios and may include affiliates of the insurance company

(ii) These vary depending on which investment portfolios the client chooses

Optional riders are provisions that may be added to an annuity contract to increase or limit benefits the contract otherwise provides. Annual fees are generally deducted from the annuity contract value.

#### *Fees for optional features*

(i) The client will be charged additional fees if they select optional contract features, such as a stepped-up death benefit or a living benefit

(ii) The fees for some benefits may continue after the optional feature ceases to provide a benefit

#### *Contingent Deferred Sales Charge ("CDSC" or "surrender charge")*



(i) If you withdraw money from a variable annuity within a certain period after a purchase payment (typically within seven years), the insurance company usually will assess a “surrender charge”, which is a type of sales charge

(ii) Generally, the surrender charge is a percentage of the amount withdrawn, and declines gradually over a period of several years, known as the “surrender period”

(iii) The surrender period typically starts when the client makes an investment (this can be the initial investment or any additional payments the client makes to the contract)

#### *Premium Taxes*

(i) Several states impose a premium tax on variable annuity purchases either at the time of purchase or at annuitization

(ii) The tax may be as high as 5% of either the purchase payments or the total value of the annuity contract depending upon the state

(iii) The insurance company is responsible for paying this tax and may pass this cost onto the client

#### *Private Placement Variable Annuities*

(i) There is an upfront sales load of up to 1.00% of the total premiums paid

(ii) There is a separate account charge of up to 0.40% annually of the account value

#### **Compensation Invicta receives from third parties**

Invicta receives a commission for the sale of an annuity from the insurance company issuing the annuity. The client does not pay Invicta directly

Insurance companies pay Invicta:

--A commission in the first year, and:

--Generally trailing (ongoing) commissions for each year the client owns the contract

--The amount of compensation that Invicta receives can vary depending upon, among other factors: (i) the duration of the annuity; (ii) the age of the client; (iii) the amount invested in the annuity; (iv) the chosen share class and/or; (v) the commission option selected by the Financial Advisor. Insurance companies allow the Financial Advisor to choose among various commission structures, which generally provide that when there is a higher first year commission, there will be a lower or \$0 trail commission (and vice versa)

#### **Representative compensation**

Representatives receive a portion of the commissions paid to Invicta by the insurance companies based on the grid rate applicable to them.

#### **Additional Disclosures**

For more information, please refer to the applicable variable annuity contract and prospectus.

#### **Disability, life and long-term care insurance**

Description

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--Insurance companies issue disability income, life and long-term care insurance policies to cover the risk of loss due to disability, death or the need for long-term care

--Life insurance contracts can be either fixed or variable. A variable policy provides death benefit protection and the potential to accumulate cash value through the underlying investment options.

### **Fees and charges paid directly by clients**

--The amount of the premium that clients pay depends on a variety of factors, including the level of coverage, the client's age, health and the optional riders selected, i.e. provisions that may be added to an insurance policy to increase or limit the benefits that the policy otherwise provides

--Depending on the type of life insurance policy, clients are subject to a surrender charge if the policy is surrendered (either partially or in full) during the surrender period or the policy lapses and is not reinstated within the allowable timeframe. Surrender charges are based on a variety of factors, including the number of years a policy has been in force, its' cash value and death benefits

It is very important that the client review the applicable insurance policy for a detailed description of the fees and charges

### **Compensation Invicta receives from third parties**

Invicta receives a commission for the sale of an annuity from the insurance company issuing the annuity. The client does not pay Invicta directly

Insurance companies pay Invicta:

--The amount of the initial sales commission, or first-year commission, paid to Invicta varies, and is based upon the product, policy structure and the terms of the contract. For disability income policies, the first-year commission ranges from 35.00% - 50.00% of the premium. For traditional long-term care policies, the first-year commission ranges from 38.35% - 59.5% of the product premium. For life insurance policies, the first-year commission ranges from 6.5% -85% of the target premium and from 1.0% - 3.0% of the premium in excess of the target premium

--Invicta also receives renewals, commissions and/or asset-based cash accumulation values or a combination of both. Renewal commission are generally between 1.00% - 3.00% starting in year two, and generally last between two and 10 years, depending on the product

### **Representative compensation**

Representatives receive a portion of the commissions paid to Invicta by the insurance companies based on the grid rate applicable to them.

### **Additional Disclosures**

For very important and detailed information regarding fees and expenses, please refer to the applicable insurance policy



### **Individual Securities, options and municipal securities**

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Auction Rate Securities (ARS)

#### **Description**

--Auction Rate Securities are floating rate securities with long or perpetual maturities that are re-priced periodically through a series of Dutch Auctions, i.e., an auction system in which the price is gradually lowered until it meets a responsive bid.  
--Invicta do not offer new-issue ARS

#### **Fees and charges paid directly by clients**

A client who sells ARS outside of a settlement offer or a non-failed auction (i.e., an ordinary secondary market sale) may pay commissions. For more information on potential commission charges, please consult with your Representative.

#### **Compensation Invicta Receives from third parties**

N/A

#### **Representative compensation**

Representatives receive a portion of the commission Invicta receives based on the grid rate applicable to them.

#### **Additional Disclosures**

N/A

### **Equity Securities**

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#### **Description**

Equity securities include common stock and American Depositary Receipts (ADRs)

#### **Fees and charges paid directly by clients**

Clients pay a commission based on the quantity of shares purchased or sold and their corresponding stock prices. For mor information on commission charges, please consult your Representative.

#### **Compensation Invicta receives from third parties**

N/A



### **Representative compensation**

Representatives receive a portion of the commission Invicta receives based on the grid rate applicable to them.

### **Additional Disclosures**

Additional information relating to best execution of equity securities and order routing disclosures are available through our custodian TD Ameritrade

### **Exchange Traded Notes (ETNs)**

#### **Description**

ETNs are debt securities that are designed to track the return of a specific market or index or asset, minus investor fees.

#### **Fees and charges paid directly by clients**

Clients typically pay a commission in connection with the purchase or sale of an ETN in the secondary market. For more information on commission chargers, please consult your Representative

#### **Compensation Invicta receives from third parties**

N/A

### **Representative compensation**

Representatives receive a portion of the commission Invicta receives based on the grid rate applicable to them.

### **Additional disclosures**

For more information, please refer to the applicable offering document

### **Municipal Securities**

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#### **Description**

Municipal Securities are bonds issued by states, cities, counties and other governmental entities to raise money, typically for general governmental needs or special projects.

#### **Fees and charges paid directly by clients**

--For new issues, clients pay the initial offering price disclosed in the applicable offering document and not a commission. The offering price includes underwriting discounts paid to underwrites and distributors

--For municipal securities purchased or sold in the secondary market, clients pay a markup (in the case of a purchase) or a markdown (in the case of a sale), which generally consists of (1) the Representatives sales credit (effectively a commission) that varies depending on the bond type and duration and/or (2) the markup or markdown (if any) that the custodian trading desk has included as part of the transaction. More information of commissions/sales credits can be provided by your Representative.



## **Compensation Invicta receives from third parties**

N/A

### **Financial Advisor Compensation**

--For new issues, Representatives receive a portion of the underwriting discount that is received by Invicta based on the grid rate applicable to them.

--For secondary market-traded municipal securities, Representatives receive a portion of the sales credit paid by clients (see discussion above under "Fees and charges paid directly by clients") based on the Representatives grid rate

Invicta does not currently participate in new issues.

### **Additional Disclosures**

For more information, please refer to the applicable offering documents.

## **Municipal variable rate demand obligations (VRDOs)**

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### **Description**

Municipal VRDOs are debt instruments with long maturities (i.e., usually 30 years) that feature multiple interest rate modes and associated tender features, including an option to tender securities at par on seven days' notice, in some cases, on one day's notice.

### **Fees and charges paid directly by clients**

Invicta currently receives no compensation from clients for facilitating transactions in VRDOs.

### **Compensation Invicta receives from third parties**

Invicta does not currently engage in initial sales of VRDOs. For certain secondary VRDO transactions, an unaffiliated third-party provider acts as remarketing agent and is subsequently paid a remarketing fee. This provider may, but is not required to, share a portion of that fee with Invicta.

### **Representative compensation**

Representatives do not receive compensation in connection with VRDO transactions.

### **Additional disclosures**

For more information, please refer to the applicable offering document.

## **Options**

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### **Description**

Options, which include puts and calls, are securities transactions tied to the stocks, commodities, currencies or indexes that give the holder the right to buy or sell the same within a specified timeframe for a defined price.

### **Fees and charges paid directly by clients**

Clients pay a commission to buy or sell and option based on the number of contracts and the principal amount of the trade. More information on commissions is available through your Representative.

### **Compensation Invicta receives from third parties**



n/a

#### **Additional disclosures**

For more information, please review the booklet entitled “Characteristics and Risks of Standardized Options,” which is available upon request from your Financial Advisor.

### **Futures**

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#### **Description**

Futures (which include commodities futures) and options on futures.

#### **Fees and charges paid directly by clients**

Clients pay a commission based on the quantity of the contracts. Any fees charged for the client’s futures transaction by the listing exchange are passed to the client. More information on commissions is available through your Representative

#### **Compensation Invicta Receives from third Parties**

n/a

#### **Representative compensation**

Representatives receive a portion of the commission UBS receives based on the grid rate applicable to them.

#### **Additional disclosures**

n/a

### **Structured products**

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#### **Description**

Structured products are unsecured obligations with a return at maturity that is linked to the performance of an underlying asset. Structured products include debt securities, obligations or certificates of deposit (CDs) issued by our affiliates and non-affiliated third parties, with returns linked to underlying assets (or indexes thereon) such as equities, commodities, foreign exchange, interest rates, credit or hedge funds.

#### **Fees and charges paid directly by clients**

- For new issues, clients pay the initial offering price, which is set by the issuer. The offering price includes costs and fees associated with purchasing the security and includes selling concessions paid to Invicta and structuring and hedging costs of the issuer and its affiliates. Clients are not charged additional sales charges or commissions. The offering price and a description of the costs and fees associated with a security can be found in the offering document.



- For structured products transacted in the secondary market, clients pay a markup (in the case of a purchase) or a markdown (in the case of a sale), which generally consists of (1) the sales credit (effectively a commission) that varies based on the time to maturity of the Note and (2) the markup or markdown that the custodian trading desk has included as part of the transaction.

#### **Compensation Invicta receives from third parties**

N/A

#### **Representative compensation**

Representatives receive a portion of the new issue selling concession and secondary market markup or markdown (other than the portion of the markup or markdown that the Invicta trading desk has included as part of the transaction), in each case based on the grid rate applicable to them.

#### **Additional disclosures**

More information on commissions/sales credits and information on structured products can be obtained through your Representative.

#### **Taxable fixed income**

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##### **Description**

- Taxable fixed income securities include:
  - Corporate bonds
  - US Treasuries
  - Federal agency bonds
  - Mortgage-backed securities
  - Zero-coupon bonds
  - High-yield and emerging market securities
  - Convertible securities
  - Brokered Certificates of Deposits (CDs)
  - Preferred securities
  - Commercial paper

#### **Fees and charges paid directly by clients**

- For new issues, clients pay the initial offering price set by the issuer in consultation with the underwriters. The initial offering price is stated in the offering document. For taxable fixed income securities purchased or sold in the secondary market, clients pay a markup (in the case of a purchase) or a markdown (in the case of a sale), which generally consists of: (1) the Financial Advisor's sales credit (effectively a commission), that varies depending on the bond type and duration and/or (2) the markup or markdown (if any) that the trading desk has included as a part of the transaction.



- For exchange-traded \$25 par value preferred securities, the maximum sales charge is 1.50% of the price for purchases and 1.00% for sales. There is no separate markup or markdown taken by the trading desk.
- For US Treasury bills, notes and bonds, and government agency securities, as well as Treasury auction transactions, and additional \$35 fee is generally charged for transactions under \$100,000 in face value

## **Investment Company Products**

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### **Mutual Funds**

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#### **Description**

- Mutual funds are open-end investment vehicles designed to invest in a group of assets in accordance with stated investment objectives
- Many mutual funds offer several classes of shares that represent an interest in the same portfolio of securities. The principal difference among the classes is the fees and expenses charged by the mutual fund. Fees and expenses in a mutual fund reduce the net asset value of the fund and the investment return. Additionally, not all share classes are available for all account types and/or programs.
- For more information please refer to the fund prospectus.

#### **Fees and charges paid directly by clients**

Some mutual fund share classes have an upfront sales charge or a Contingent Deferred Sales Charge (CDSC), also know as a surrender charge or back-end sales charge. Sales charges are paid to Invicta, with a portion paid to your Representative, for services provided that result in the sale of a mutual fund.

#### *Commissions*

Mutual fund transactions are charged a commission on both buys and sales under a mutual fund commission schedule. Representative have the ability to discount commissions. More information is available through your Representative.

#### *Upfront sales charge*

- Upfront sales charges can range from 0.00% - 5.75% and are described in the prospectus. Many mutual funds allow for a reduction or waiver of the upfront sales charge based upon, among other things, the amount of your total investments in the particular mutual fund family, investor type, as well as the type of account in which the assets are invested (i.e. advisory). Requirements for a reduction or waiver of upfront sales charges are detailed in the prospectus.

#### *Back-end sales charge*



- These are sales charges that are applied upon redemption of mutual fund shares within a specified number of years (varies by prospectus)
- These sales charges are also referred to as Contingent Deferred Sales Charge, or CDSC.

These charges can be reduced or eliminated based on how long the shares are held and as described in the prospectus.

#### *No load and institutional fund charge*

No load and Institutional mutual funds share classes are subject to commissions as laid out above in lieu of the no load and institutional fund charge. There may be additional transaction fees to purchase offshore institutional no-load funds. No part of the fee is paid to Representatives. Consult the fund prospectus and your Representative for additional details.

#### *Redemption fees*

- Mutual funds may charge clients a redemptions fee, typically between 0.25% - 2%, on shares redeemed shortly after purchase. Invicta does not receive this compensation. Details can be found in the fund prospectus.

#### *Proprietary Mutual Funds*

Invicta does not have any proprietary funds

#### *Offshore funds*

Invicta does not trade offshore funds

### **Compensation Invicta receives from third parties**

#### *12b-1 fees*

- Many mutual funds pay a 12b-1 fee to Invicta directly from the fund's assets. Like other fees and expenses in a mutual fund 12b-1 fees will reduce investment returns. The exact amount varies among funds and share classes but is disclosed in the applicable fund prospectus. The typical ranges of 12b-1 fees in mutual funds are as follows:
  - A Shares: 0.00% - 0.50% (most frequently 0.25%)
  - B Shares: 0.00% - 1.00% (most frequently 1.0%)
  - C Shares: 0.25% - 1.00% (most frequently 1.0%)
  - Retirement Shares: 0.00% - 1.00% (most frequently 0.50%)

#### *Revenue Sharing*

Invicta does not participate in revenue sharing with mutual fund companies

#### *Finder's Fees*

Invicta does not receive finder's fees

### **Representative compensation**



Depending on the type of mutual fund and share class you buy, as well as account type, Representatives receive a portion of the commissions, sales charges, and 12b -1 fees paid to Invicta by mutual fund companies based on the grid rate applicable to them.

#### **Additional disclosures**

For more information, please refer to the applicable mutual fund prospectus.

#### **Closed-end funds**

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##### **Description**

A type of investment company with a fixed number of shares that is listed on an exchange.

##### **Fees and charges paid directly by clients**

- For initial offerings, clients pay the initial offering price and are not charged a commission
- For secondary market transactions, clients pay a commission based on the quantity of shares purchased or sold and their corresponding fund prices

##### **Compensation Invicta Receives from third parties**

N/A

##### **Representative compensation**

For secondary market transactions, Representatives receive a portion of the commission Invicta receives based on the grid rate applicable to them. Invicta does not participate in initial offerings.

#### **Additional Disclosures**

For more information please refer to the fund prospectus

#### **Exchange Traded Funds (ETFs)**

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##### **Description**

- An ETF is an interest in a pooled investment fund that can be bought and sold in the open market. These funds typically hold portfolios of securities that correspond to the price and yield performance of a particular broad market index or basket of securities for a particular industry, sector or geographic region, minus annual fees and expenses

##### **Fees and charges paid directly by clients**

Clients typically pay a commission in connection with the purchase or sale of an ETF, information on commissions can be obtained through your Representative.

##### **Compensation Invicta receives from third parties**

N/A

##### **Representative compensation**

Representatives receive a portion of the commission Invicta receives base on the grid rate applicable to them.

#### **Additional disclosures**



For more information, please refer to the applicable offering documents.

### **Unit Investment Trusts**

#### **(UITs)**

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##### **Description**

UITs are investment companies that purchase a fixed unmanaged portfolio of securities and subsequently sell shares in the trust to investors.

##### **Fees and charges paid directly by clients**

- Clients typically pay the UIT sponsor either a deferred sales charge or a combination of upfront and deferred sales charges as disclosed in the prospectus. Sales charges range between 1.85% - 3.95% of assets invested with the most common sales
- Charges equaling 1.85% or 2.75% for equity-based trusts
- More information on specific sales charge amounts can be found in the prospectus

##### **Compensation Invicta receives from third parties**

N/A

##### **Representative compensation**

Representatives receive a portion of the commission Invicta receives based on the grid rate applicable to them

##### **Additional disclosures**

For more information please refer to the applicable offering documents

### **Alternative Investments**

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##### **Description**

Alternative investments include, but are not limited to, hedge funds, funds of funds and private equity and real estate funds.

For more information, please refer to the offering materials for each fund, which include the private placement memorandum, investor application and marketing materials among other documents.

##### **Fees and charges paid directly by clients**

Client fees for investing in alternative investments are based on various factors, such as whether the investment is proprietary to Invicta or nonproprietary, and/or by product type.

Invicta does not have proprietary funds.

##### *Placement fees*

Most of these investments carry a placement fee. The placement fees are in addition to the amount the client invests and vary by product type. Generally, the placement fee is 2.0% of the investment.

Placement fees are subject to waiver in limited circumstances. Clients can obtain information about the waiver from their Registered Representative.



#### *Nonproprietary alternative investments*

- For funds other than Managed Futures Funds, clients pay the fund manager a management/administration fee that generally ranges between 1% - 2.5% of the investment, although such fees are sometimes higher. These funds may also charge an incentive fee of up to 25% of profits made in a given year. The actual fee charged to the client by the fund can be found in the offering materials for the fund. Invicta will receive a fee from the investment manager that may constitute a majority of the management/administration fee the investment manager receives from the fund with respect to the overall client fee. The Registered Representative will receive a portion of this fee.
- Managed Futures Funds typically charge clients fees of 4.00% - 9.50%, which comprises the management fee and all trading and operating expenses of the fund's investment activities. These funds also charge an incentive fee of up to 25% of profits made in a given year. The actual fee charged to the client by the fund can be found in the offering materials of the fund. In cases of Managed Futures Funds, Invicta will receive a fee from the fund sponsor and the Representative will receive a portion of the fee.

#### **Compensation Invicta receives from third parties**

N/A

#### **Representative compensation**

The compensation that a Registered Representative can receive varies from one fund to another.

#### *Placement fees*

- Representatives may receive a portion of the placement fees (generally 2% of investment) that are charged in addition to the amount the client invests. Placement fees are subject to waiver in limited circumstances.

#### *Nonproprietary alternative investments*

- Invicta Representatives may receive a portion of the marketing and distribution fee that is paid to Invicta from the fund manager's management fee
- In limited circumstances where the fund manager pays Invicta up to 25% of the fund manager's incentive fee, Representatives may also receive a portion of the management fee from third-party funds that were purchased by investors before they became Invicta clients, as long as such clients are invested in that fund (or its successor)

#### **Additional disclosures**

For more information, please refer to the applicable offering document.