



## Best Interest Disclosure

Watchdog Capital, LLC.

Regulation BI

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This guide summarizes important information concerning the scope and terms of the brokerage services we offer and details the material conflicts of interest that arise through our delivery of brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you may receive from us.

As you review this information, we would like to remind you that Watchdog Capital, LLC (“WDC”, “us”, “we”, “our”) is registered with the U.S. Securities and Exchange Commission (“SEC”) as a broker-dealer and is also a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). AF Asset Management is separately registered as an investment adviser. Watchdog and AF Asset Management are affiliated through common ownership. Separate disclosures are available regarding alternative investments; and investment advisory services offered through AF Asset Management. All recommendations regarding your brokerage investments will be made in a broker-dealer capacity, and all recommendations regarding your advisory account will be in an advisory capacity.

Our brokerage services are the primary focus of this guide. In addition, our Form CRS contains important information about the types of services we offer, along with general information related to compensation, conflicts of interest, disciplinary action and other reportable legal information. Form CRS is available via [watchdogcapital.com](http://watchdogcapital.com). When we make a recommendation to you, we will expressly tell you orally which account we are discussing.

### Brokerage services

When you establish a brokerage account with us, you have the ability to buy, sell and hold investments within your account. We provide trade execution and Apex Clearing Corporation (“Apex” or the “Clearing Firm”) holds and maintains some investment accounts. The Firm will set trading limits for each customer account at Apex which include restrictions on the number of shares traded per order and the gross dollar value of each order. In other cases, we will facilitate investments in mutual funds and variable annuities directly with the Product Sponsor. Product Sponsors are issuers of securities and includes investment companies, insurance companies and alternative securities issuers. We execute purchases and sales on your behalf, and as directed by you.

#### Cash Brokerage Accounts

If you open an account with Apex, we provide brokerage services through a cash brokerage account. In a cash brokerage account, you must pay for your purchases in full at the time of purchase.

#### Brokerage Account Types

We offer many different brokerage account types including individual and joint accounts, custodial accounts, estate and trust accounts, partnership accounts, annuities, individual retirement accounts and other types of retirement accounts as outlined in our account agreement(s). You should refer to our account agreement(s) for more information concerning available account types or speak with a Registered Representative.

#### Incidental Brokerage Services, Recommendations and Account Monitoring

Within your brokerage account, we may also provide other incidental services such as research reports, and recommendations to buy, sell, or hold investments. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (“QRP”) to an Individual Retirement Account (“IRA”), the recommendation is made in our capacity as a broker-dealer unless otherwise stated at



the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is important for you to understand that when our Registered Representatives make a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation we make. It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. If you prefer on-going monitoring of your account or investments, you should speak with a Registered Representative about whether an advisory services relationship is more appropriate for you.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your brokerage account. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your brokerage account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

#### **Clearing Services**

We have entered into an agreement with Apex to carry your account and provide certain back-office functions. We and Apex share responsibilities with respect to your account as set forth in the Brokerage Account Customer Agreement that was delivered to you upon opening of your account. Please refer to the agreement for more information on how such responsibilities have been allocated between us.

#### **Fully Paid Stock Loan**

Customers can enroll their accounts in the Fully Paid Stock Loan (FPSL) program through our clearing firm, Apex. This allows Apex to loan your stock to other broker dealers to generate additional revenue. Apex manages the loan and credits WDC and customer accounts a pro rata share of lending revenues. There are risks associated with participating in the FPSL program. Understand that if you enroll:

- There is no guarantee that your shares will be loaned out.
- Loaning shares allows short sellers to bet against the stock and may put downward pressure on the stock price.
- If a security pays a dividend while it is on loan the income received is taxed at ordinary income tax rates instead of longterm capital gains tax rates
- Securities that are on loan will not be protected by the Securities Investor Protection Corporation (SIPC).
- When shares are on loan investors are unable to vote proxies.

If you decide to enroll you will be given additional information and disclosures from Apex.

#### **Additional Products**

We also offer private placements to "Accredited Investors". A private placement is a non-public offering of securities exempt from full SEC registration requirements. "Accredited Investors" is defined in SEC Rule 501(a) and includes natural persons with a net worth of more than \$1 million (not including the person's primary residence) or with an annual income at least \$200,000 each year for the last two years (or \$300,000 combined income if married) and have the expectation to make the same amount during the current year. Additionally, we offer non-accredited investors to invest in certain private placements that are exempt from full SEC registration requirements under the JOBS Act, normally called Crowdfunding.



Non-accredited investors are limited as to how much they can invest in any 12-month period based on their annual income and net worth.

Most private placements have a minimum investment amount which is typically \$100,000, but the minimum investment amount can vary by issuer and placement. Investment minimums may be waived and will be listed in the private placement memorandum (“PPM”) or similar offering documents.

When a private placement is offered by Watchdog, we do so on a best-efforts basis, meaning we do not agree to raise all of the money requested by the issuer. Once you subscribe for a private placement, we will not monitor your investment on a regular basis. Moreover, we do not agree to enter into a fiduciary relationship with you. It is important for you to understand that when our Registered Representatives make a recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation. It is also your responsibility to monitor your investments, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of any recommended securities. If you prefer on-going monitoring of your investments, you should speak with a financial professional about whether an advisory services relationship is more appropriate for you. From time to time we may provide you with additional information and resources to assist you with managing your investment. This may include but is not limited to educational resources, financial reports, summaries and/or updates about the issuer. When we offer this information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular security. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under any specific obligation to do so.

### **Investment Risks**

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with “Preservation of Capital” and “Income” investors typically holding the smallest percentage of higher-risk investments, followed by “Capital Appreciation” and “Growth and Income” investors holding *some* higher-risk investments, and finally “Trading Profits” and “Speculation” investors holding a significant portion of their portfolio in high-risk investments. Risk tolerance also varies and we measure it on a continuum that increases from “Conservative” to “Moderately Conservation” to “Moderate” to “Moderately Aggressive” to “Aggressive.”

It is important for you to understand that all investment recommendations and activities involve risk, including the risk that you may lose your entire principal. Higher-risk investments, including private placements, may have the potential for higher returns but also for greater losses. The higher your “risk tolerance,” meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more you may decide to invest in higher-risk investments offering the potential for greater returns. Our recommendations are based in part on your risk tolerance and investment objective. We encourage you to carefully consider your investment objective and risk tolerance before investing.

**Private Placements are extremely speculative, illiquid, and include unique risks.** While we will take reasonable care in developing and making recommendations to you, private placements involve risk, and you may lose money. There is no guarantee that any private placement will meet the stated investment goals, or that our recommended investment strategy will perform as anticipated. Please consult any available PPM or other offering documents for any security we recommend for a discussion of risks associated with the product.

The PPM contains important information about a particular investment’s business, operations, financial condition and risks. The risks below include a summary of risk factors and is not meant to be all inclusive. These include the following:

- **Investments are Generally Risky and Offer No Guarantee of Success.** All investments generally bear the risk of partial or complete loss of capital. There is no guarantee that an investment will be profitable.



- **Illiquidity.** Private placements have limited transferability and investors may not be able to liquidate their interest in an issuer. Because of a variety of restrictions upon the transferability of the issuance, including restrictions imposed by federal securities laws, an investor may be required to retain their investment indefinitely. As a result of the foregoing factors, prospective investors must understand that there may never be a market of any kind for the purchase and sale of the interests.
- **Forward-Looking Statements.** Issuer material may contain forward-looking statements. When used in the material, including but not limited to words such as “believe,” “anticipate,” “intend,” “plan,” “seek,” “will be,” “expects,” “estimates,” “projects” and similar expressions identify such forward-looking statements. Such statements regarding future events and/or the future financial performance of an issuer are subject to certain risks and uncertainties which could cause actual events or the actual future results of the issuer to differ materially from such forward-looking statements. Certain of these risks include changes in the markets in which the issuer operates, technological advances, changes in applicable regulations and new entries into the market. In light of the significant risks and uncertainties inherent in the forward-looking statements included herein, the inclusion of such statements should not be regarded as a representation by the issuer or any other person that the objective and plans of the Issuer will be achieved.
- **Changes in Capital Markets and the Economy.** Each issuer is materially affected by conditions in the global capital markets and the economy generally. Concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit may contribute to increased volatility and diminished expectations for the economy the markets or this investment going forward. These factors, among others not listed, may contribute to increased likelihood of Issuer failure and loss of investment. In addition, small and new businesses may be particularly susceptible to such factors.

Because the risks of each issuer and private placement are unique, it’s important to review the PPM or other offering material, understand the unique risks of the particular investment under consideration, and ask your registered representative additional questions about the business practices and risks associated with any recommended private placement.

### **Cash Sweep Program Feature**

You may elect to have dormant cash in your brokerage account at Apex “swept” into and out of an interest-bearing FDIC-insured deposit account opened by Apex at a participating bank (“Program Bank”), at no cost to you, by participating in the Apex FDICInsured Sweep Program (the “Program”) where it will earn interest paid into your Apex Account. Apex receives payment from each Program Bank in connection with its participation in and operation of the Program. Apex’s payment from the Program Banks is paid as interest. This payment is typically based on the average aggregate amount of funds at each Program Bank and the current interest rate environment. Apex pays WDC a portion of the payment it receives from the Program Banks.

## **Brokerage fees and our compensation**

It is important to consider that while a brokerage relationship can be a cost-effective way of investing your assets, it is not for everyone given the fees and costs involved.

### **Transaction-Based Fees**

You will pay transaction-based fees for trades you decide to enter into, such as private placements, mutual funds in a direct account and annuity contracts. These transaction-based fees are generally referred to as a “commission,” “sales load,” “up-front sales charge” or “deferred sales charge.” Transaction-based fees are based on a host of factors, including, but not limited to:

- Underlying product selection
- Brokerage service model and account type
- Size of the transaction and/or overall value of the account



- Frequency of trade activity
- Available discounts, breakpoints, and/or fee waivers

For each placement we receive sales compensation based on the amount of money invested. The amount of compensation is generally 3-5% of your initial investment, but the exact amount varies by issuer. Again, exact terms of fees and expenses vary between each private placement offering. The specific fees and expenses associated with a private placement are listed in the PPM or similar offering document.

### **Account and Service Fees**

You may pay fees for various operational services provided to you through your brokerage account, such as annual account fees, transfer fees, or wire fees. Accounts with a balance under \$3000.00 will be charged a monthly fee of \$1.00. These fees are communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions. You should understand that based on the product you choose; the same or similar products and services may vary in the fees and costs charged to you.

### **Cash Sweep Program Feature**

Apex receives payment from each Program Bank in connection with its participation in and operation of the Program. Apex's payment from the Program Banks is paid as interest. This payment is typically based on the average aggregate amount of funds at each Program Bank and the current interest rate environment. Apex pays WDC a portion of the payment it receives from the Program Banks.

### **How We Are Compensated**

We receive direct and indirect compensation in connection with your accounts. Direct compensation is taken directly from the affected account. Indirect compensation is compensation paid in ways other than directly from the account and may impact the value of the associated investments in your account. The sections below describe the compensation that we receive in connection with various investments that may be available to you. In many cases, the descriptions that follow refer to a prospectus or offering documents.

Aside from the fees we charge you for providing investment recommendations, you will have to pay other fees related to brokerage services. Fees can be charged directly or indirectly. Depending on services selected, direct fees could include postage and handling fees on each transaction, account maintenance fees (including IRA fees) charged by NFS; markups and markdowns; redemption fees; fees associated with checks and wires; transfer fees; ACAT fees; IRA termination fees; fees for safekeeping of physical securities; fees on alternative investments; etc. Direct fees will be shown on your trade confirmation and/or brokerage account statement. Indirect fees include internal expenses charged by mutual funds and ETF's (including 12b-1 fees and annual fund operating expenses). An annual fee for IRA accounts of \$30 will be charged. There is a \$100, onetime fee when you close the account. Accounts with a balance under \$3000.00 will be charged a monthly fee of \$1.00.

You should understand that, based on the brokerage service model you choose, the same or similar products, accounts and services may vary in the fees and costs charged to you. Ask your Registered Representative for more information about fees that could be incurred or that apply to the type of brokerage services recommended to you.

### **Mutual Funds**

We currently offer thousands of mutual funds through traditional accounts varying in share class structure and investment style. If you invest in mutual funds, we may receive direct and indirect compensation in connection with such mutual fund investments, as described below. We cannot discount or waive fees charged by the mutual fund company, including front-end sales charges, contingent deferred sales charges and 12b-1 fees, as described below. The amount of fees, including any ticket fee, front-end sales charge, and/or contingent deferred sales charge can be found in the mutual fund prospectus and direct fees will be disclosed on the trade confirmation.



The fees and costs of mutual funds vary depending on the fund family and share class. Below is a summary of these costs.

### **12b-1/Shareholder Service Fees**

Annual 12b-1 fees, also known as trails, are paid by the fund and paid to us out of fund assets under a distribution and servicing arrangement to cover distribution expenses and sometimes shareholder service expenses that we may provide on the fund's behalf. Shareholder servicing fees are paid to respond to investor inquiries and provide investors with information about their investments. These fees are asset-based fees charged by the fund family. These fees range from 0.00% to 1.00%, depending on share class and are set by the fund. 12b-1 fees may be passed on to us and may in turn be passed on to your Financial advisor as a commission; however other operating expenses of the fund are not paid to us. 12b-1 fees are typically charged on Class A, Class B and Class C shares and may be charged on other share classes.

### **Front-end Sales Charge Fees/Contingent Deferred Sales Charges (CDSC)**

Front-end sales charge fees may be charged and paid to us, including your Financial advisor, when you purchase a fund. The front-end sales charge is a direct fee and is deducted from the initial investment on certain share classes. This charge normally ranges from 0.00% to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts based on the amount of transaction and rights of accumulation. In addition, some purchases may qualify for a sales charge waiver based on the type of account, and/or certain qualifications within the account. You should contact your Registered Representative or consult the mutual fund prospectus if you believe you are eligible for sales charge waivers. Front-end Sales Charges are typically charged on Class A shares and may be charged on other share classes.

CDSC is a direct charge you pay upon withdrawal of money from a fund prior to the end of the fund's CDSC period. CDSC charges range from 0.00% to 5.50%. CDSC periods can range from zero to seven years. This charge typically exists only on share classes that do not have a front-end sales charge. It is sometimes referred to as the back-end load. CDSCs are not charged when you purchase a fund. The fee charged will depend on the share class purchased by the investor. A CDSC is not passed on to your Financial advisor. You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the fund's prospectus. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund. CDSC fees are typically charged on Class B shares with a seven-year CDSC period; and on Class C shares with a one-year CDSC period and may be charged on other share classes.

Different fund families offer different share classes, which is why it is important to review the fund prospectus, which outlines the differences between the different share classes available for the respective fund family. The specific breakpoint schedules, front end sales charge, CDSC fee/CDSC period, 12b-1 fee and other operating expenses will be disclosed in the prospectus. You can also find a description of any fees or costs, including the payment frequency in the fund's prospectus. In addition, your registered representative can explain the different share class options available, and how the available share classes differ. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund.

### **Annuities**

Our annuities consist of variable annuities. Under arrangements with insurance companies, we, including your Registered Representative, receive commissions from the insurance companies for the sale of annuities, as well as trail commissions, and they are considered indirect compensation. Commissions and trails paid to us vary by product type and may vary by insurance carrier. It is important to talk to your Registered Representative about whether an annuity is suitable for you, the types of features available and any additional costs for those features, and the ways in which we are paid before entering into an annuity contract.

Specific information about an annuity will be provided to you ahead of making any investment decision.



### **Training and Education**

We work closely with many product and service providers who provide training and education for our Registered Representatives. These meetings or events are held to educate Registered Representatives on product characteristics, business building ideas, successful sales techniques, suitability as well as various other topics. In addition, certain vendors provide free or discounted research or other vendor products and services, which can assist our Registered Representatives with providing services to the plan.

From time to time, product providers will reimburse us for expenses incurred by us in connection with conducting training and educational meetings, conferences, or seminars for Registered Representatives and participants. Also, Registered Representatives may receive promotional items, meals or entertainment or other non-cash compensation from product providers. Any such non-cash compensation is disclosed to the compliance officer and must be in line with commonly accepted practices.

### **Compensation for Termination of Services**

Other than any contingent deferred sales charge for a fund (as described under the Mutual Funds section above, if applicable), IRA termination fees (when applicable), and account transfer fees, the firm would not receive any additional compensation in connection with the termination of its services. If you have questions or need additional copies, contact your Registered Representative.

## **Conflicts of interest**

Conflicts of interest exist when we provide investment services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially averse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of such conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our Registered Representatives, our clients and third parties. Securities rules allow for us, our Registered Representatives, and our affiliates to earn compensation when we provide brokerage services to you. However, the compensation that we and our Registered Representatives receive from you varies based upon the product or service you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation.

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship. In addition to this disclosure, conflicts of interest are disclosed to you in various agreement(s) and disclosure documents and other information we make available to you.

## **Compensation We Receive from Clients**

### **Transaction-based fees**

You will pay certain fees (commissions and sales concessions) in connection with investing in with us. Where these fees apply, the more transactions you enter into, the more compensation that we and your financial professional receive. This compensation creates an incentive for us to encourage you to invest in additional products.

Registered Representatives are compensated based on the percentage of revenue generated from sales of products and services to clients. This compensation may vary by the product or service associated with a brokerage recommendation. Some investments carry higher fees than others. Therefore, Registered Representatives are incentivized to recommend



these products over other brokerage products. We maintain policies and procedures designed to ensure that recommendations are in your best interest.

## Compensation We Receive from Third Parties

Third-party payments we receive may be based on new sales of investment products, creating an incentive for us to recommend you buy and sell, rather than hold, investments. In other cases, these payments are made on an ongoing basis as a percentage of invested assets, creating an incentive for us to recommend that you buy and hold investments.

**Trail Compensation.** The total amount of payments we receive varies from product to product. It also varies from the compensation we receive in connection with other products and services we may make available to you. We have an incentive to recommend investment products and services that generate greater payments to us. This compensation generally represents an expense embedded in the investment products and services that is borne by investors, even where it is not paid by the Product Sponsor and not directly from the investment product or other fees you pay. The types of third-party compensation we receive includes trail compensation. Ongoing compensation from Product Sponsors may be received by us and shared with our Registered Representatives. This compensation (commonly known as trails, service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product. We have an incentive to recommend that you purchase and hold interests in products that pay us higher trails.

We review account applications and trading activity and seek to recommend the share class that is in the best interest of the client based on anticipated holding periods and share class availability.

**Revenue Sharing.** We share certain revenue with our clearing firm and our customers. This includes interest on any stocks loaned when customers participate in the FPSL program and interest earned from customers participating in the cash sweep program. Additionally, we share in annual fees charged for IRA accounts and the fee charged for closing an account.

**Payment for Order Flow:** Depending on the security traded and absent specific direction from the Customer, equity and option orders are routed to market centers (i.e., broker-dealers, primary exchanges or electronic communication networks) for execution. Routing decisions are based on a number of factors including the size of the order, the opportunity for price improvement and the quality of order executions, and decisions are regularly reviewed to ensure the duty of best execution is met. Our clearing firm, Apex may receive compensation or other consideration for the placing of orders with market centers for execution. Apex shares a portion of this revenue with Watchdog. The amount of the compensation depends on the agreement reached with each venue. The source and nature of compensation relating to the Customer's transactions will be furnished upon written request. For additional information please see the link to Apex's 606 Report within the Disclosure Library.

### Additional Compensation from Product Sponsors and Other Third Parties

We and our Registered Representative, associates, employees, and agents receive additional compensation from Product Sponsors and other third parties including:

- Gifts and awards, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives, including services for identifying prospective clients.
- Payment or reimbursement for the costs associated with education or training events that are attended by our employees, agents, and financial advisors, and for conferences and events that we sponsor.
- Reimbursement from Product Sponsors for research and technology-related costs, such as those to build systems, tools, and new features to aid in servicing clients.



Note that the amount of these payments is not dependent or related to the level of assets you or any other of our clients invest in or with the Product Sponsor.

### **Product Share Classes**

Some Product Sponsors offer multiple structures of the same product (e.g., mutual fund share classes) with each option having a unique expense structure, and some having lower costs to you as compared to others. We are incentivized to make available those share classes or other product structures that will generate the highest compensation to us. We review account applications and trading activity and seek to recommend the share class that is in the best interest of the client based on anticipated holding periods and share class availability.

## **Compensation Related to Our Affiliates**

### **Compensation Related to Advisory Services**

We are affiliated through common control with AF Asset Management (“AFAM”), a registered investment adviser. AFAM is owned by Bruce Fenton. Some individuals associated with Watchdog as Registered Representatives are also investment adviser representatives of AFAM. Brokerage recommendations can include a recommendation to invest in an advisory account managed by our affiliates. We and our affiliates will receive additional compensation or economic benefits from investments by you, including, but not limited to, advisory fees. The compensation related to these may be greater than similar products provided by Watchdog.

## **Compensation Received by Registered Representatives**

Registered Representatives are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients. This compensation may vary by the product or service associated with a brokerage recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or trail payments. Thus, Registered Representatives are incentivized to recommend products that have higher fees as well as those with on-going payments.

Registered Representatives have an incentive to recommend you rollover assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA) because of the compensation they will receive. We maintain policies and procedures designed to ensure that rollover recommendations are in your best interest. Your Registered Representative will review a suitability and disclosure form with you when discussing the merits of any rollover recommendation.

Brokerage accounts, unlike advisory accounts, do not feature an on-going fee based on assets under management. Registered Representatives are incentivized to recommend you transition your brokerage services account to an advisory account to generate on-going revenue where your brokerage account has minimal activity. Further, Registered Representatives are incentivized to recommend you transition your brokerage account to an advisory account after you have already placed purchases resulting in commissions and/or other transaction-based brokerage fees. Registered Representatives also have an incentive to provide higher levels of service to those clients who generate the most fees. We have controls established to identify and mitigate this risk.

### **Personal Trading Activities**

Registered Representatives may invest in the same private placements offered to clients. This creates a conflict of interest in that they may invest without paying a commission. Sometimes, additional fees are earned based on the total amount raised, or a minimum amount raised. Our written supervisory procedures are designed to assure that the personal securities transactions, activities, and interests of the Registered Representatives of Watchdog will not interfere with making decisions in the best interests of our customers or implementing such decisions while, at the same time, allowing Watchdog Registered Representatives to invest for their own accounts. The Firm has procedures to monitor the personal trading activities and securities holdings of each of the Firm’s Registered Representatives and includes procedures for



limitations on personal securities transactions of associated persons. These policies are designed to discourage and prohibit personal trading that would disadvantage clients.

## **Additional Resources**

You can visit [Investor.gov/CRS](https://investor.gov/CRS) for a free and simple search tool to research us and our financial professionals. You can also call your Registered Representative at (617) 870-3634 to request up-to-date disclosure information or to ask any questions you have about this brochure or services offered by Watchdog.