

International Research Securities, Inc.

Regulation Best Interest Disclosure

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Regulation Best Interest Disclosure

International Research Securities, Inc. (“IRSI,” “our,” “we,” “us”) offers brokerage services to our customers. This guide summarizes important information concerning the scope and terms of those brokerage services that are offered by us 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, and disclosure documentation you may receive or have received from us.

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (“SEC”) as a broker-dealer providing brokerage services, and a member firm of the Financial Industry Regulatory Authority (“FINRA”). Our brokerage services are the primary focus of this guide. Our Form CRS contains important information about the types of services we offer, brokerage, along with general information related to compensation, conflicts of interest, disciplinary action, and other reportable legal information.

Please carefully review and consider the information contained in each section set forth herein.

Brokerage Services

We provide our clients with access to various families of mutual funds, 529 College Savings Plans (“529 Plans”), variable annuity insurance products (“annuity products” and or “annuities”). Your investments in mutual funds, 529 Plans, and annuities, are collectively referred to herein as “investment(s)”. Our services include the determination of investor suitability for an investment, making investment recommendations consistent with your investment strategy, and facilitating the execution and settlement of your purchases of mutual funds, and annuity products. Additionally, our services are provided on a non-discretionary basis, and while we may recommend investments for you, the ultimate investment decision regarding the purchase of any investment will be yours. Finally, our recommendations are made in a brokerage capacity, and as such, we do not agree to enter into a fiduciary relationship with you. For more information on our services, contact your investment professional at IRSI (“Registered Representative”), or you can contact Michael Holland at 469-469-7890.

Recommendations

Our services include the determination of suitability for the respective investment, making investment recommendations consistent with your investment strategy, and facilitating the execution and settlement of your investment transactions. We provide recommendations with regards to the investments we market. Those recommendations are based upon our due diligence regarding the product, including the sponsor or issuer, the business history and experience and other information material related to a decision to invest in the respective investment product. It is important for you to understand that when your Registered Representative makes 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.

Account Monitoring, and Incidental Brokerage Services

We do not commit to, nor do we provide for, the on-going monitoring of your investments. It is also your responsibility to monitor the investments, and we encourage you to do so regularly.

Understanding Risk

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. Further, some investments involve more risk than other investments. Higher-risk investments 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. We align risk tolerances with investment needs to offer you different investment objectives from which to choose (see below). You should select the investment objective and risk tolerance best aligned with your brokerage account goals and needs.

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

Investment Objective	Investment Objective Description	Risk Tolerance	Risk Tolerance Definition
Income	Income portfolios emphasize current income with minimal consideration for capital appreciation and usually have less exposure to more volatile growth assets.	Conservative	Conservative Income investors generally assume lower risk, but may still experience losses or have lower expected income returns.
		Moderate	Moderate Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns.
		Aggressive	Aggressive Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth & Income	Growth and Income portfolios emphasize a blend of current income and capital appreciation and	Conservative	Conservative Growth and Income investors generally assume a lower amount of risk, but may still experience losses or have lower expected returns.
		Moderate	Moderate Growth and Income investors are willing to accept a modest level of risk that may result in increased losses

	usually have some exposure to more volatile growth assets.		in exchange for the potential to receive modest returns.
		Aggressive	Aggressive Growth and Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth	Growth portfolios emphasize capital appreciation with minimal consideration for current income and usually have significant exposure to more volatile growth assets.	Conservative	Conservative Growth investors generally assume a lower amount of risk, but may still experience increased losses or have lower expected growth returns.
		Moderate	Moderate Growth investors are willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive higher returns.
		Aggressive	Aggressive Growth investors seek a higher level of returns and are willing to accept a high level of risk that may result in more significant losses.
Trading and Speculation	Trading and Speculation investors seek out a maximum return through a broad range of investment strategies which generally involve a high level of risk, including the potential for unlimited loss of investment capital.		

Our recommendations are based in part on your risk tolerance and investment objectives as outlined above. We encourage you to carefully consider your investment objectives and risk tolerance before investing.

Brokerage Fees and Our Compensation

Transaction-Based Fees

You will generally pay transaction-based fees when you acquire investments through us. These transaction-based fees are generally referred to as a “*commission*,” or “*sales charge*,” depending upon the investment product you purchase. Transaction-based fees are based on a host of factors, including, but not limited to:

- Underlying product selection.
- Specific terms and conditions set forth in the Prospectus Amount of your investment.
- Available discounts and/or waivers described in the Prospectus.

Administrative and Service Fees

We do not charge clients additional administrative. or service fees related to their accounts.

How We Are Compensated

We receive direct compensation in connection with your investments in mutual funds, and annuity products. Direct compensation is generally a commission paid directly out of your initial investment proceeds. The section below describes the compensation that we receive in connection with investments that we may make available to you.

Investment Product Compensation

Mutual Funds

We currently provide mutual funds in varying share class structure and investment style on a subscription basis. If you invest in mutual funds, we receive direct and indirect compensation in connection with such mutual fund investments, as described below.

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%, but the majority of these fees are below 0.25%. These fees may be passed on to us and may in turn be passed on to your Registered Representative as a commission.

Front-end Sales Charge Fees. Front-end sales charge fees may be charged and paid to us, including your Registered Representative, when you purchase a fund. The front-end sales charge 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 if you believe you are eligible for sales charge waivers.

Data Agreement. All Mutual Funds companies we conduct business with under an agreement to solicit their products. The compensation is outlined in the prospectus. The Registered Representative receives up front commission from the Mutual Fund companies and a trailing commission depending on the fund. Specifics on the commission earned by the Registered Representative are contained in the prospectus.

Annuities

Our annuities consist of fixed, index, and variable annuities. Under arrangements with insurance companies, your Registered Representative receives 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. All annuity contracts are sold with a prospectus and additional information can be found in the prospectus.

529 College Savings Plans (“529 Plans”)

We currently offer numerous 529 plans, both state and out of state. We receive a front-end sales charge fee or a contingent deferred sales charge. If you invest in 529 Plans, we receive direct and indirect compensation in connection with such 529 Plan investments, as described below. You may also pay enrollment or one-time fees and or annual maintenance fees. See the prospectus, program brochure or plan description for a listing of each plan's fees. Many states offer favorable state tax treatment to residents in investing in their home state 529 Plan. See the prospectus, program brochure or plan description for a listing of each plan's treatment of benefits to residents of their state.

Front-end Sales Charge Fees/Contingent Deferred Sales Charges (CDSC). Front-end sales charge fees may be charged and paid to us, including your Registered

Representative, when you purchase a fund. The front-end sales charge 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 if you believe you are eligible for sales charge waivers.

Revenue Sharing

We do not participate in any revenue sharing arrangements with the sponsors or issuers of investments.

Conflicts of Interest

Conflicts of interest can exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially adverse 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 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. We receive various forms of compensation from sponsors and issuers as described above. Securities rules allow us, our Registered Representatives, and our affiliates to earn compensation when we provide services to you.

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 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.

Compensation We Receive from Clients

Transaction-Based Conflicts

You pay commissions in connection with the buying of each mutual funds. Where these fees apply, the more transactions you enter into, the more compensation that we and your Registered Representative receive. This compensation creates an incentive for us to recommend that you buy these investments.

Compensation We Receive from Third Parties

With regards to mutual funds and annuity products, the 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 investments (or continue to invest through certain mutual funds).

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 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 include what is referred to as “trail compensation.” Trail compensation represents ongoing compensation from product sponsors that 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 interests in products that pay us higher trails.

Additional Compensation and Benefits from Product Sponsors and Other Third Parties

We and our Registered Representatives, associates, employees, and agents may receive additional compensation from sponsors, issuers and other third parties including:

- An occasional dinner or ticket to a sporting event, or reimbursement in connection with business development activities.
- Payment or reimbursement for the costs associated with education, training, marketing, or advertising initiatives, including marketing to prospective investors, which are attended by our employees, agents, and Registered Representatives.

The amount of these payments or benefits is not dependent or related to the level of assets you or any other of our clients invest through us or with the product sponsor.

Compensation Related to Proprietary Products

We do not offer proprietary products.

Compensation Related to Our Affiliates

We earn no compensation from the activities of affiliates.

Compensation Received by Registered Representatives

Registered Representatives are compensated in a variety of ways based on the percentage of revenue generated to us from the sales of investment products to clients. This compensation may vary based upon the investment associated with our recommendation. In addition to upfront-transaction based compensation, some investment products feature on-going residual or “trail” payments. Thus, Registered Representatives are incentivized to recommend investments that have higher fees, as well as those with on-going payments. We have controls established to identify and mitigate this risk.

Additional Resources

<u>Title</u>	<u>Web Address</u>
International Research Securities, Inc. Website	https://www.intlrs.com/
FINRA	https://www.finra.org/
SIPC	https://www.sipc.org/
BrokerCheck	https://brokercheck.finra.org/