

## Recommendation Disclosure Statement

*This Recommendation Disclosure Statement (Disclosure) provides You with additional, important information You should consider when reviewing any recommendation from Me to You. The Disclosure should be read in conjunction with the First Kentucky Securities Corporation (FKSC) Customer Relationship Summary (Relationship Summary) and product-specific documentation, including but not limited to a prospectus or summary prospectus and product brochures.*

### What types of products can I recommend to You?

When I make a recommendation to You, it means I believe that recommendation is in Your best interest.

I can recommend the following products

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable/Fixed/Fixed income annuities
- Mutual fund shares
- United States government securities
- Options contracts on securities

### What is the basis for My Recommendation?

My recommendations are generally determined by Your investment profile (e.g., Your investment objectives, time horizon, risk tolerance, etc.). My recommendations may be further influenced by other factors, such as Your age, marital status, investment experience, existing investment portfolio, etc. Therefore, it is important for You to provide Me with a full picture of Your financial situation.

## Recommendation Disclosure Statement

**What types of fees and costs might You be subject to when I make a recommendation?**

### **Brokerage Services**

For our brokerage services, the primary fees you pay are “transaction-based” fees. These fees are typically called “commissions,” “sales charges,” “loads,” “selling concessions,” or “trails”. These fees vary depending on the investment product you select, the capacity in which we act, and the size of your transaction, and can be charged up-front when you purchase or sell the investment, or on an ongoing basis for as long as you hold the investment (“trails”). If we purchase a security from you or sell a security to you from our own account (as “principal”), rather than acting as your agent to purchase or sell a security from a third party, we are paid by marking the price up or down and retain that difference, which is a benefit to us. Because we are compensated for these transactions, we have a conflict of interest to encourage you to invest in products that pay us greater compensation than those that pay us less, to trade more frequently and in greater volume, and trade with us as principal because we generally receive more revenue when you do so. In addition, we, and your financial advisor, have an incentive to recommend that you open, or transfer assets to, a brokerage account instead of an advisory account when you trade so frequently or in such volume that we’d receive more revenue than if you invested through an advisory account.

### **Description of Other Fees and Costs**

In addition to the foregoing fees, our clearing and custody partner, RBC Capital Markets, LLC may assess certain fees associated with your brokerage account, such as account termination fees, and account transfer or liquidation fees, depending on the advisory program. For a schedule of fees charged by RBC CS and your brokerage firm, you may visit Investor Connect through your Financial Professional’s website or directly at [www.investor-connect.com](http://www.investor-connect.com) where a list of fees is included in the most recent electronic statement insert section for the periods ending March, June, September or December. More information is included in “First Kentucky Securities Corporation – Customer Relationship Summary which is available at [www.firstky.com](http://www.firstky.com). The fees and costs you pay for specific securities transactions are disclosed to you on the confirmation statement you receive after your transaction is executed. The total costs you incur (and compensation we earn) in connection with your brokerage accounts will primarily depend on your investment mix and how frequently you trade.

### **Limits on Monitoring and Investment Discretion**

We do not exercise discretionary investment authority in your brokerage account (i.e., make decisions to buy or sell your investments without your direction) or monitor your brokerage account investments for you. This means that you are responsible for reviewing your account and investments to make sure your investment mix is appropriate for you and for deciding whether to follow our investment recommendations.

### **No Account Minimums**

You do not need to have a minimum amount to invest to open a brokerage account with us, but some of the investments you may purchase through us have minimum investment requirements. For more information regarding minimum investment requirements, please refer to the prospectus or offering documents for your investment.

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### Investment Advisory

For our investment advisory services, you pay a fee (the “Program Fee”) for the program you select. The Program Fee is a “wrap fee”, meaning that, in addition to the discretionary or nondiscretionary investment advisory services that XYZ Advisors provides in connection with the investment advisory program you select, the Program Fee includes certain trade execution, custody, and other brokerage services as part of that fee, unless you are in a Non Wrap Program, which charges these fees. Program fees are “asset-based” meaning that they are calculated as a percentage of the assets invested in your advisory account according to the fee schedule in your advisory agreement with us. This means that the more assets you maintain in your account, the more you will pay in fees, and therefore we have an incentive to encourage you to increase your advisory account assets and to invest your assets through programs that pay us a higher percentage Program Fee. In addition, we generally earn more compensation when you invest with us through an advisory account instead of a brokerage account, particularly if you trade infrequently or purchase investments that would pay us lower commissions and other compensation if purchased through a brokerage account. This creates an incentive for us, and your financial advisor, to recommend that you open, or transfer assets to, an advisory account instead of a brokerage account. More information about Program Fees is available in our “Advisory Disclosure Documents,” which are available at [www.firstky.com](http://www.firstky.com).

Because the Program Fee includes most transaction and custody costs, it will be higher than an asset-based advisory fee that does not include transaction costs and fees such as a Non Wrap Program. The Program Fee presents a conflict because it creates an incentive for us to not trade in your account since transaction costs are included in the Program fee. In addition to the Program Fee, depending on the program you select, we may charge a fee for our services as an overlay manager. Also, if a third-party manager elects to trade away from us you will pay additional transaction fees for those trades. Our financial planning services are available for a fixed fee and are not subject to a wrap fee.

### Description of Other Fees and Costs

In addition to the fees described above, our clearing and custody partner, RBC Capital Markets, LLC may assess certain fees associated with your advisory account, such as account termination fees, and account transfer or liquidation fees, depending on the advisory program. For a schedule of fees charged by RBC CS and your brokerage firm, you may visit Investor Connect through your Financial Professional’s website or directly at [www.investor-connect.com](http://www.investor-connect.com) where a list of fees is included in the most recent electronic statement insert section for the periods ending March, June, September or December. For additional information, please see your Customer’s Agreement and our “Advisory Disclosure Documents” and other applicable documents which are available at [www.firstky.com](http://www.firstky.com). The fees and costs you pay for investment advisory services are disclosed to you on the account statements you receive each quarter. The total costs you incur (and compensation we earn) in connection with your advisory accounts will primarily depend on the assets in your advisory account and the program fee rate.

### Monitoring

We periodically monitor your advisory account for you as part of our advisory services in accordance with the terms of your advisory agreement with us. Our financial planning services are limited to preparation of a financial plan based on the information that you provide, and do not include ongoing monitoring. The frequency and limitations of our account monitoring depend on the advisory program that you select.

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### Account Minimums

You must meet certain account minimums to open an advisory account. More information about our investment advisory services and current account minimums for advisory programs are described in our “Advisory Disclosure Documents” (Form ADV, Part 2A brochures), which are available at [www.firstky.com](http://www.firstky.com).

### Examples of Ways We Make Money and Conflicts of Interest

#### Third-Party Payments

First Kentucky Securities Corp. receives payments from third-parties (or their affiliates) when we sell certain products. As such, First Kentucky Securities Corp. has an incentive to recommend (or to invest your assets in) products of third-parties that pay us over products of third-parties that do not pay us or pay us less.

#### Revenue Sharing

Certain managers and sponsors (or their affiliates) share the revenue they earn when you invest in certain of their investment products (primarily mutual funds and variable annuities) with First Kentucky Securities Corp. As such, First Kentucky Securities Corp. has an incentive to recommend (or to invest your assets in) products of sponsors and fund managers that share their revenue with us, over other products of sponsors or fund managers that do not or who share less.

#### Principal Trading

We may buy from or sell securities to you from our own inventory. Because we earn compensation (such as mark-ups, mark-downs, and spreads) and can receive other benefits in principal transactions, we have an incentive to trade with you on a principal basis and to recommend securities that we hold in inventory.

### What are the risks associated with a recommendation?

- **Risks related to the market or associated benchmarks.** For example, securities markets can be influenced by unexpected changes to the national (or global) economic and political landscape.
- **Risks related to individual investments not performing as expected.** For example, the performance of growth-oriented securities is influenced by unexpected changes in business technology or customer purchasing activity. The prices of bonds and other income-oriented securities are heavily influenced by interest rates; as rates increase, the values of income-oriented securities generally decrease. Certain types of retirement accounts offer tax advantages which are dependent upon national and state regulatory authorities; changes in the political and regulatory environment could reduce or eliminate those advantages.
- **Risks associated with investment diversification.** Many of the risks tied to individual investments discussed previously could be reduced by spreading Your investment dollars across different types of investments.
- **Risks that investment performance may not keep pace with inflation.** While conservative portfolios may preserve the amount You invest, the value or purchasing power of Your principal could be reduced by the effects of inflation.

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- **Risks that investment performance may not keep pace with product or account expenses.** For example, while the value of the securities held in the separate accounts of an annuity contract or mutual fund could remain stable, the value of Your investment could still be reduced due to the ongoing management and distribution expenses associated with that contract or fund (these expenses are discussed in the prospectus).

### What conflicts of interest exist concerning a recommendation made by Me?

- Class A vs. Class C mutual funds

*When recommending mutual fund investments, I can recommend either Class A or Class C shares. These different classes are distinguished by their commission charges and expenses (discussed more fully in the mutual fund prospectus). Also, the fact that we receive 12b1 fees in our Broker Dealer accounts. A recommendation of a particular share class that does not fully consider Your investment profile, particularly Your investment time horizon, may not be disinterested.*

- Products I'm qualified to sell vs. those I am not (but FKSC does)

*FKSC offers the products listed at the beginning of this Disclosure, including variable annuities, mutual fund platform account, and managed accounts. However, I may not be qualified or approved to offer the full range of products offered by FKSC or other FKSC representatives. When I am not able to recommend a particular product, that is considered a material limitation on the services I can provide, which could incent Me to make recommendations only from the products I am approved to offer.*

- Products I can recommend that are in Your best interest vs. those I cannot recommend.

*As noted above, FKSC's menu of products is fairly broad. I have an obligation to fully explain the features, risks, costs, and other material information related to the investments I recommend. This requirement could effectively limit the products I can discuss at the time of a given recommendation.*

- Rollovers vs. leaving assets at Qualified Retirement Plans (QRPs) like 401(k)s, Pension Plans, etc.

*I am financially incented to gather assets and sell investment products. This could create a conflict when discussing distributions from Your current or former employer's QRP and rollovers to a new account through FKSC. Any recommendation for a new account or switching to new investments could be conflicted. These conflicts can be mitigated by thoroughly reviewing the features, risks, costs, and other material aspects of Your current account/investments and comparing those matters to account/product I am recommending.*

- Transaction-based compensation vs. fee-based compensation

*The Firm and I generate revenue through the sales of products sold with a commission (e.g., an upfront charge deducted from the amount You invest) or ongoing, periodic fees deducted from Your account/investments. Generally, commissions generate more immediate revenue for the firm and compensation for Me while reducing the amount of Your purchase. Fees generate more revenue over longer periods of time while increasing the expenses deducted from Your investments.*

**PLEASE RETAIN A COPY OF THIS DOCUMENT FOR YOUR RECORDS**

*Investment and insurance products offered through First Kentucky Securities Corp. are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.*

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### Client- Fee Listing as of April 1, 2020

Below is a list of fees that may be charged to your account(s) with First Kentucky Securities Corporation that are custodied at RBC Correspondent Services, a division of RBC Capital Markets, LLC (RBC CS). The list of fees does not include customer handling, commissions or any other trade related fee as those fees are disclosed on each trade confirmation. With the exception of fees that are “pass through”, “at cost”, “prorated”, “interest charged”, or that provide a range as a guideline, the fee listed is the highest amount that will be charged for the service provided. Fees may change at any time as permitted by applicable regulations and the terms of the clearing agreement.

Fee Name	Total Fee Amount	Fee Name	Total Fee Amount
Account Pledge	\$200.00	Outgoing IRA ACAT Fee	\$120.00
Alternative Investment- Transaction fee	\$150.00	Outgoing Non-IRA ACAT Fee	\$50.00
Alternative Investments- Maintenance fee	\$100.00	Overnight Check	\$10.00*
American Depository Receipt (ADR) Pass Through Fee	Pass through <sup>1</sup>	Partial Transfer	\$25.00 per transfer
Annual Account Fee	\$50.00	Physical Certificate Reject Fee	\$200.00
Automated Clearing House (ACH) Stop Payment Fee	\$20.00	Physical Certificate (Non-DRS Eligible and DRS Eligible Securities)	\$650.00
Bank Wire - Domestic	\$10.00	Prepayment Fee	Interest Charged <sup>6</sup>
Bank Wire - Foreign	\$75.00	Retirement - Custodial Qualified retirement closing fee	\$50.00 + Prorated Annual Fee
Cashless Stock Option Exercise	Please refer to the Employee Stock Option Exercise Form	Retirement - Custodial Qualified retirement plan annual fee	\$75.00 per employee account + \$5.00 per additional participant
Direct Registration System (DRS) Transfer Fee (Incoming)	\$25.00	Retirement - Custodial Qualified retirement plan set up fee	\$25.00 per employee account + \$5.00 per additional participant
Direct Registration System (DRS) Transfer Fee (Outgoing)	\$25.00	Retirement - IRA Annual Account Fee	\$35.00
Dividends & Reorgs - Coupons Received for Collection (per shell or issue)	\$10.00	Retirement - IRA Account Closing Fee	\$120.00
Dividends & Reorgs - Charge for Late Instructions on Expiring Items	\$15.00	Retirement - Self-trusteed plan annual fee (one plan / paired plan)	\$150.00 / \$250.00
Duplicate Tax Documents (Paper copies)	\$1.25*	Retirement - Self-trusteed plan closing fee (one plan & paired plan)	Prorated Annual Fee
Duplicate Confirm (Paper copies)	\$1.25*	Retirement - Self-trusteed plan set up fee (one plan / paired plan)	\$200.00 / \$300.00
Duplicate Statement (Paper copies)	\$1.25*	Returned Check	\$25.00
Deposit / Withdrawal at Custodian (DWAC) Fee	Ranges from \$25.00 to \$150.00 <sup>2</sup>	Rule 144 / Restricted Stock Deposit Fee	\$25.00*
Escheatment	\$125.00	Safekeeping Fee	\$50.00
Extensions	\$10.00*	Security Transfer Fee - International	\$140.00*
Globe Tax Basic Services	3% of recovered withheld tax; maximum of \$200 per occurrence <sup>3</sup>	Transfer Agent Fees	At Cost*
Investment Access Account Related Fees	Please refer to the Investment Access Account Agreement <sup>4</sup>	Transfer on Death Account Change Fee	\$30.00
Investment Access Annual Account Fee	\$125.00 <sup>5</sup>	Transfer on Death Account Distribution Fee	0.10%
Legal Deposit / Transfer	\$60.00*	Transfer on Death Account Set-Up Fee	\$50.00
Non-Sufficient Funds (NSF) Fee	\$30.00	Voluntary Non-Physical Reorg	\$15.00*
Non-Transferable Security Custody	\$2.00 per position, per month	Voluntary Physical Reorg	\$30.00*

\*First Kentucky Securities Corporation May pay these fees on your behalf.

Notes: ADR Pass through fees are outlined in the ADR prospectus

- DWAC is determined by the transfer agent, but typically ranges from \$25 to \$150.
- Clients who hold or purchase Canadian, Irish, or Japanese securities are automatically enrolled in this service. Clients may opt-out at any time by contacting their Financial Professional. Global Tax Full Services are also available at an additional cost. Please contact your Financial Professional if you would like to opt-out or sign up for Global Tax Full Services. Fees & jurisdictions covered are subject to change at any time.
- The Investment Access Account application contains a fee schedule that outlines fees related to an investment Access Account (checking related fees, wire transfer and ACH fees, and VISA gold check fees).
- The annual fee is waived for accounts over \$200.
- The calculation to determine the interest is  $\$25 + (\text{Actual Prepay} \times \text{Interest Rate} \times (\text{Days to Settlement}) / 360 \text{ days})$ . The interest rate is equal to RBC's Base Lending Rate plus a sliding scale of percentages according to the size of the actual prepay amount. Please contact your Financial Professional for RBC's Base Lending Rate