

# Regulation Best Interest Disclosure

This guide summarizes important information concerning the scope and terms of the brokerage services Arvest Investments, Inc., doing business as Arvest Wealth Management (AWM), offers 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 other disclosure documentation you may receive 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 and an investment adviser, providing both brokerage services and investment advisory services. Our brokerage services are the primary focus of this guide. For more information on our investment advisory services and how they differ from our brokerage services, please review our client relationship summary (Form CRS) available at:

<https://www.arvest.com/documents-and-resources/awm-disclosures>

Our Form CRS contains important information about the types of services we offer, including both brokerage and investment advisory services, along with general information related to our compensation, conflicts of interest, disciplinary action and other reportable legal information.

Please carefully review and consider the information in each section below.

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## I. Services, Accounts, Features and Understanding Risk

### A. Terminology

**Client Advisor** – an AWM securities licensed associate that is dually registered as a broker-dealer registered representative with FINRA and as an investment advisor representative with the SEC. Because the disclosures in this document relate to our brokerage services, references to Client Advisor in this document generally refer to our broker dealer registered representatives, while acting in that capacity, unless the context clearly indicates otherwise.

### B. Brokerage services

You may buy, sell and hold investments, when you establish a brokerage account with our firm. The primary service we provide is our trading capability. We execute purchases and sales on your behalf, and as directed by you. In a brokerage services relationship, we can trade with you for our own account, for an affiliate or for another client, and we can earn a profit on those trades. The capacity in which we act is disclosed on your trade confirmation. However, we are not required to communicate it in advance, obtain your consent, or inform you of any profit earned on trades.

### C. Cash and Margin Brokerage Accounts

We provide brokerage services through either a cash brokerage account or a margin (or collateral) brokerage account based on your eligibility and selection. In a cash brokerage account, you must pay for your purchases in full at the time of purchase. It is a regulatory violation to sell a security in a cash brokerage account before paying for the security.

In a margin brokerage account, you must eventually pay for your purchases in full, but you may borrow part of the purchase price from our clearing firm. This is generally referred to as a “margin loan.” The portion of the purchase price that is loaned you is secured by eligible securities and assets in your account, also referred to as the “collateral”. You will incur interest costs as a result of your margin loan activity. Given that a margin brokerage account has specific eligibility requirements, unique costs, and additional regulatory requirements, our default brokerage option is our cash brokerage account. You must execute a separate margin agreement before engaging in margin brokerage activity. Included with your margin agreement is our clearing firm’s Margin Disclosure Statement. Additionally, we will provide you our [AWM Margin Disclosure, Requirements and Interest Charges](#) document which provides general information related to the risks of margin accounts and margin account requirements and interest calculations details. For additional information on our margin brokerage services, please contact a Client Advisor.

#### **D. Brokerage Account Types**

AWM offers many different brokerage account types to include individual and joint accounts, custodial accounts, collateral accounts, Delivery Versus Payment (DVP) accounts, estate and trust accounts, partnership accounts, individual retirement accounts and other types of retirement accounts as outlined in our account agreement(s).

You should refer to our account agreement(s) and speak with a Client Advisor for more information concerning available account types.

#### **E. 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 assets. We also provide self-directed brokerage services to those clients who wish to direct their accounts without receiving recommendations or advice from us.

It is important for you to understand that when a Client Advisor makes a recommendation with respect to your brokerage account, including recommendations involving securities, investment strategies, or rolling over assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the Client Advisor will be acting in a broker-dealer representative capacity, unless otherwise explicitly disclosed to you orally at the time the recommendation is made. As such, 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. However, we will not be acting in a fiduciary capacity. You may accept or reject any recommendation. We do not allow our Client Advisors to accept discretionary trading authority in brokerage accounts and we do not provide on-going monitoring of your brokerage account. It is your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly.

Please also consider that from time to time we may provide you with additional information and resources, including educational resources, marketing and explanatory materials such as fact sheets, performance reports, asset allocation guidance, and/or periodic brokerage account reviews, as a courtesy to assist you with managing your brokerage account. These activities are not designed to monitor specific investment holdings in your brokerage account, and you should not consider them a recommendation to trade or hold any particular security or to implement any investment strategies. 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.

#### **F. Clearing Services**

We have entered into a fully disclosed clearing agreement with Pershing LLC, our clearing firm. Generally, our clearing firm will custody your brokerage account assets, however, if you also enter into an agreement with an issuer (such as an annuity carrier) or enroll in certain types of accounts (such as a 401K), that provider may have custody and provide additional back office functions. We and our clearing firm share responsibilities with respect to your account. Disclosures provided to you, when you open your account, contain information on how such responsibilities have been allocated between us.

## **G. Cash Sweep Program Feature**

Our brokerage accounts include a cash sweep feature. Our cash sweep program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically “swept” into a “cash sweep vehicle,” until such balances are invested or otherwise required to satisfy obligations arising in your account. The cash sweep vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or such other sweep arrangements made available to you. You will receive additional information concerning our cash sweep program in your account agreement(s). Please review our linked [Cash Sweep Program Disclosure](#) statement, available at our disclosure webpage for important information about our cash sweep program.

## **H. Account Minimums and Activity Requirements**

There is no firm-established minimum initial account balance requirement to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types of brokerage accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account will be closed. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account. Additionally, some individual products may have minimum investment requirements. Finally, individual Client Advisors may impose minimum account-specific or total household asset requirements with respect to brokerage accounts they choose to service. A Client Advisor’s minimum brokerage account asset requirements (if applicable) are disclosed to you orally by your Client Advisor.

## **I. Brokerage service models and products**

AWM is a full-service introducing broker-dealer firm. As such, we have entered into a fully disclosed clearing agreement with our clearing firm and contract the services of other issuers and direct carriers. As a full-service firm, we are generally focused on working with investors looking for advice and guidance and can work with virtually any account size investor. Full-service brokerage accounts may be assigned to Client Advisors working from branch office locations or they may be assigned to a team of AWM solutions center advisors working from our home office.

We also provide self-directed brokerage services through our Arvest1 Discount Brokerage Department. These services are available to those clients who do not require, or desire, investment recommendations or guidance.

## **J. 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 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 the next page). 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 objectives are on a spectrum, with “Current 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. AWM further refines investment objectives for Growth, in order of expectation for market fluctuation, risk to principal and appreciation potential, into: Conservative Growth, Moderate Growth, Growth and Aggressive Growth. Individual clients’ desired “Risk Exposure” also vary, and we measure it on a continuum that increases from “Low” to “Moderate” to “Speculation” and finally to “High Risk” See the chart on the next page for details.

<b>Investment Objective</b>	<b>Investment Objective Description</b>	<b>Risk Tolerance</b>
Current Income	Client has a low tolerance for short-term market fluctuation and expects limited capital appreciation with minimal risk to principal. Client generally has a high desire for current income.	Low Moderate
Growth & Income	Client has a low tolerance for short-term market fluctuation and expects modest capital appreciation with some risk to principal. Client generally has a moderate desire for current income.	Low Moderate
Conservative Growth	Client has a modest tolerance for short-term equity fluctuation and expects moderate capital appreciation with tempered risk to principal. Client generally has a modest desire for current income.	Low Moderate Speculation High Risk
Moderate Growth	Client has a moderate tolerance for short-term equity market fluctuation and expects moderate capital appreciation in exchange for additional risk to principal. Client generally has a minimal desire for current income.	Low Moderate Speculation High Risk
Growth	Client has a high tolerance for short-term equity market fluctuation and expects significant capital appreciation in exchange for an increased risk to principal. Client generally has a no desire for current income.	Moderate Speculation High Risk
Aggressive Growth	Client has a high tolerance for short-term equity market fluctuation and expects significant capital appreciation in exchange for an increased risk to principal. Client has no desire for current income and a long-term time horizon.	Speculation High Risk

AWM registered representatives' recommendations are based in part on your investment objective and risk tolerance as outlined above. Additional considerations, such as your investment time horizon and liquidity needs also are factors. We view liquidity needs as the extent to which you desire the ability, or have financial obligations that dictate the need, to quickly and easily convert all or a portion of your brokerage account investments into cash without experiencing significant loss in value. We encourage you to carefully consider your investment objective, risk tolerance, investment time horizon and liquidity needs before investing.

## **II. Brokerage fees and our compensation**

The commissions and fees described below generate revenues for our firm. As described in our Client Relationship Summary (Form CRS), our Client Advisor's production (i.e., the revenues they generate to our firm) during the six-month measurement period is applied to our progressive payout grid to establish their production-based salary for the next six-month period.. The progressive payout grid's payout percentages range from 20% to 42%, corresponding to defined levels of gross production, and are applied to the annualized, attained gross production during the measurement period to determine compensation. This calculation method, combined with the three-month calculation and waiting period, results in advisors beginning to receive compensation, as early as three and as late as nine months after the month in which Firm revenue was earned, mitigating conflicts of interest related to compensation.

Client Advisors may earn additional compensation through production award bonuses, ranging from 4% to 8% of annual compensation, based upon criteria including certain prescribed levels of gross production. These bonus opportunities are calculated based on a twelve-month measurement period and in a manner that they are received two to fourteen months after related firm revenues have been received.

Our current Schedule of Miscellaneous Account & Service Fees is available at:

<https://www.arvest.com/pdfs/aam/wealthmanagement-fee-schedule.pdf>

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.

## **A. Transaction-Based Fees**

You will pay transaction-based fees for trades you decide to enter into, such as buying and selling stocks, bonds, exchange traded products (ETPs), mutual funds, annuity contracts, exercising options and other investment purchases and sale. These transaction-based fees are generally referred to as a “commission,” “mark up,” “sales load,” or a “sales charge” and are listed in our [Schedule of Miscellaneous Account and Service Fees](#).

Transaction-based fees are based on a host of factors, including, but not limited to:

- Underlying product selection (see Product Offering below),
- Your brokerage service model (full-service or discount brokerage),
- Whether individual equity trades are Client Advisor-assisted or internet self-entry trades, and
- Size of your transaction.

## **B. Account and Service Fees**

You will pay fees for various operational services provided to you through your brokerage account. We review these fees periodically and communicate them to you through information included in your account statement and through our “Schedule of Miscellaneous Account and Service Fees” document located in our website at “[Fee Schedule](#)”. We will deliver a revised Schedule of Miscellaneous Account and Service Fees, or provide other notice, to you at least thirty days prior to an increase in our fees. The fees do vary by account types, services provided and may be waived under certain conditions. Also, the brokerage service model you choose may impact the fees and costs charged to you for the same or similar products.

Pursuant to our agreement, our clearing firm has made available to us certain incentives, such as credits to cover implementation, technology, and strategic plan support costs and an annual cash incentive based upon the net annual growth in assets we introduce to our clearing firm, exclusive of market value changes. These incentives, if received, will not be passed on to AWM clients. Although these incentives, if received, may be considered compensation to AWM, they will not be applied towards our Client Advisors’ production in connection with the determination of their production-based salaries.

## **C. Product Offering**

### **1. Equity Transactions and Listed Options**

Equity transactions include common stock, exchange traded funds, closed-end funds, preferred stocks and American Depositary Receipts (ADRs). As noted in “Transaction Based Fees” above clients will pay a commission based upon the principal value of the trade, which may be discounted. AWM and its Client Advisors receive compensation from these commissions which are shown on page two of the [Schedule of Miscellaneous Account and Service Fees](#) and will be annotated on your trade confirmations.

Listed options are options contracts cleared by the Options Clearing Corporation that are traded on options exchanges. Clients will pay a commission that includes a base fee in addition to a per contract fee, as disclosed in our Schedule of Miscellaneous Account and Service Fees. The commission amount will be shown on your trade confirmations.

### **2. Brokered Certificates of Deposit**

Brokered Certificates of Deposits (CDs) are issued by banks via a “master CD” to deposit brokers, which in turn sell interests in the master certificate to individual retail investors. The master CD is a negotiable instrument that represents a certain number of individual CDs. FDIC insurance is attached to the individual CDs represented in the master CD. Any broker-dealer that sells brokered CDs is a deposit broker.

We are compensated through your purchases and sales of brokered CDs though an upfront gross fee paid by the issuing bank on new offering purchases. This gross fee typically ranges from 0.25% to 3.00% depending upon the issuing bank and maturity.

Compensation on secondary market transactions is received by either a mark-up on top of the CD price, which may be discounted, when you purchase a CD or a mark-down that is subtracted from the CD price, which may be discounted, when you sell a CD. The mark-ups and mark-downs are typically in the range of .25% - 3.00%.

### **3. Corporate, Municipal, Government and Agency Fixed Income Securities**

We are compensated through your purchases and sales of these debt instruments. We may trade the debt instruments from our own inventory or from our clearing firm's inventory and charge a mark-up (client purchasing) or mark-down (client selling). In rare cases, we may act as an agent and conduct the trade in the open market and charge a commission. We will make reasonable efforts to obtain a price that is fair and reasonable under prevailing market conditions. Mark-up, mark-downs and commissions are shown on your trade confirmations and are typically within the 0.5% to 3% range. Factors such as the size of the order and availability of the security in the marketplace can account for higher charges.

### **4. Mutual Funds**

You may select from thousands of mutual funds 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.

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

- 1) We may receive compensation from front-end sales charge fees charged 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 Client Advisor if you believe you are eligible for sales charge waivers.
- 2) CDSC is a charge you pay upon the sale of certain fund shares prior to the end of the fund's CDSC period. CDSC charges range from 0.00% to 5.50%. CDSC periods may range from zero to seven years. This charge typically exists on share classes that do not have a front-end sales charge. It is sometimes referred to as the back-end load. CDSC revenue is not credited towards Client Advisors' production for the purpose of determining their production-based salaries. You can find a description of the amount and payment frequency of all fund fees and expenses in the fund's prospectus.

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

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 generally these fees are less than 0.85%.

#### *c) Closed-End Mutual Funds*

Closed-end funds are investment companies that issue a fixed number of shares through an initial public offering and subsequently trade in the open market, usually on a stock exchange. Certain features of open-end mutual funds such as breakpoints, letters of intent and rights of accumulation are not features of closed end funds which trade similarly to stocks on the exchange. We receive compensation through transaction costs (commissions) on the purchase and sale of these securities.

### **5. Unit Investment Trusts (UITs)**

You may also invest in both Equity and Fixed-Income UITs. We are compensated in ways that vary depending on the type and terms of the UIT portfolio selected. The types of fees received by us are typically derived from fund marketing and distribution expense fees, as disclosed in the UIT prospectus. Your Client Advisor can provide you a copy of the most recent prospectus.

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

Traditional ETFs are typically registered unit investment trusts or open-end investment companies whose shares represent an interest in a portfolio of securities that track an underlying benchmark or index. Unlike

traditional UITs or mutual funds, ETFs typically trade throughout the day on an exchange at prices established by the market.

Non-traditional ETFs, include leveraged and inverse, and should only be considered by clients and their Client Advisors after careful examination of the ETF's terms and features to include: How they are designed to perform, how they achieve that objective, the impact of market volatility, their use of leverage, the client's intended holding period, and how the ETF's features may impact performance. AWM Client Advisors are prohibited from soliciting 3X leveraged and/or inverse ETFs, however; unsolicited orders may be accepted for these products.

We receive compensation on ETFs in brokerage accounts via transaction charges (commissions) for the purchase or sale of ETFs.

## **7. Market-Linked and Structured Investments**

We offer market-linked and structured investments, such as principal protected notes and market linked CDs. These products tie their rate of return to the performance of an underlying asset such as a market index (example S&P 500), a group of equities or a combination of these. These products are issued by unaffiliated third parties, and we receive commissions from the issuing companies for their sale. Commissions paid to us vary by product type and vary by issuer. The amount of commission you pay to purchase a market-linked investment will be stated in the offering document for the investment. These commissions vary in range and we typically receive from 2% to 5% of the purchase amount. If you purchase or sell the product in the secondary market, commission transaction charges will most likely also apply.

We classify market-linked CDs and notes as alternative investments. Accordingly, we have additional guidelines on these products regarding their recommendation by our Client Advisors.

## **8. Other Alternative Investments**

We also offer other alternative investments such as: Non-Traded Real Estate Investment Trusts (REITs), Non-Traded Business Development Companies (BDCs), Private Placements of Non-Marketable Securities and Private Hedge Funds. These investments have heightened client eligibility requirements and are made available through prospectus (REITs and BDCs) and Private Placement Memorandum (Private Placements and Private Hedge Funds).

Typically, our compensation is derived from the following fees, among others as disclosed in the prospectus or PPM (as applicable), incurred by you in connection with these investments:

- a) Non-Traded REITs and BDCs: Initial sales load typically ranging from 3.5% to 4.5% (may be reduced by volume discounts) and ongoing fees generally up to 1% annually; and
- b) Private Placements and Private Hedge Funds: Placement fees typically ranging from 1.5% - 2.0% and ongoing administration, or servicing fees, generally ranging from .25% to 1.00% annually.

## **9. Annuities**

We offer a variety of annuities, including registered-index and variable annuities. Under arrangements with insurance companies, we receive commissions from the insurance companies for the sale of annuities, as well as trail commissions on some products.

Commissions and trails paid to us vary by product type and may vary by insurance carrier. The gross commissions we earn for these products generally range from 0.25% to 7.00% with trails (as applicable) typically ranging from 0.25% to 1.00% annually.

We limit the initial amount of gross production allocated to Client Advisors' compensation grids to a maximum of 5% of contract premiums, regarding registered-index and variable annuities contracts inception on or after June 30, 2020. The Client Advisor may also receive ongoing annual compensation on these contracts through trail commissions, if available, and are typically based on contract values. Additionally, Client Advisors' gross productions for additions to contracts inception prior to June 30, 2020 will continue to reflect the percentages of premium amounts, which were in effect at the times of the contracts' inceptions. The potential that Client Advisors and our Firm may earn more compensation and revenue when a client makes an existing contract addition purchase versus the same client's purchase of a new annuity contract is a conflict of interest in that it may provide incentive to recommend a client adds to an existing contract rather than purchasing a new contract.

## 10. Registered Life Insurance Products

We offer a variety of Variable Universal Life Insurance (VUL) policies. Clients must qualify for coverage and premiums are generally most impacted by factors such as age, health and lifestyle. Under arrangements with insurance companies and insurance broker general agencies, we receive commissions from the insurance companies for the sale of VUL policies, as well as trail/renewals commissions on some products. Insurance broker general agencies are third party, independent, non-affiliated firms that assist our Client Advisors with among other items: product knowledge, case design, point of sale and application servicing and processing.

Commission and trails paid to us vary by the product offerings and by insurance carriers. The gross commissions we earn for these products typically range up to 25% to 120% of target premiums with additional commission up to 1% to 10% of any excess premiums paid above target premium amount. Also, some policies pay additional compensation for policies maintained past the first year (trail compensation) and/or for premiums paid after the first year. Trail compensation typically can range up to 1% annually of the contract value and compensation for additional premiums is generally 1% to 3% of the premium. The amount of gross commission AWM receives is net of the amount paid to the insurance broker general agency assisting our firm as outlined in the first paragraph of this Item 10.

Revenue generated to AWM from underwritten life insurance, to include variable universal life policies, is applied to our Client Advisors' progressive payout grids at the greater of 40% or the Client Advisor's attained grid percentage level in establishing their production-based salary. This potential increased payout is a conflict of interest in that it may provide incentive to increase sales in this product.

### D. Adjustments to Compensation for Trade Corrections

Client Advisor trading errors resulting in losses may be charged either dollar for dollar against a Client Advisor's income or charged against their gross production (revenue). The effect of charging against gross production is that the Client Advisor and our firm share in cost of the trade correction.

### E. Compensation Related to Termination of Services

We receive portion of IRA termination and outgoing account transfer fees, which are listed in our ["Schedule of Miscellaneous Account and Service Fees"](#). Except as disclosed above, we do not receive any additional compensation in connection with the termination of our services. Please consult your Client Advisor if you have additional questions.

### F. Training and Education

We work closely with many product and service providers who provide (a) training and education directly to our Client Advisors or (b) compensation to offset or reimburse us for certain costs incurred in conducting comprehensive training and educational meetings for our Client Advisors relating to their products or services. These meetings or events are held to educate Client Advisors on product characteristics, business building ideas, successful sales techniques, suitability as well as various other topics. Certain vendors also provide free or discounted research or other vendor products and services, which can assist our Client Advisors with providing services.

Additionally, product providers may conduct marketing efforts jointly with AWM or reimburse us for expenses incurred by individual Client Advisors or branch offices in connection with conducting training and educational meetings, conferences, or seminars for Client Advisors and participants. Client Advisors may also receive promotional items, meals or entertainment (examples: sporting event or concert) or other non-cash compensation from product providers. AWM requires Client Advisors to submit gift logs for other than nominal value gifts and does not permit Client Advisors to accept any cash gifts. Additionally, Client Advisors may not accept gifts having a cumulative value of more than \$100 annually from any one product or service provider.

Although training and education compensation described above is not tied to, contingent on or directly related to individual transactions or assets held in brokerage accounts, or the fees you pay, they do create potential conflicts in that those product providers participating in training or educational meetings, seminars or other events gain an opportunity to build relationships with AWM Client Advisors and these relationships could potentially lead to sales of that particular company's products.

### III. Care Obligation

- A. As a broker-dealer, we must exercise reasonable diligence, care, and skill to evaluate three components of the Care Obligation:
1. Reasonable basis: Understanding of the recommended security or investment strategy, as well as potential risks, rewards, and costs associated. Additionally, we must have a reasonable basis to believe that the recommendation could be in the best interest of at least some of our retail clients.
  2. Client-specific: Based on the understanding of the recommended security or investment strategy and your investment profile, we must have a reasonable basis to believe that the recommendation is in your best interest and that we are not placing our interest ahead of your interest.
  3. Quantitative suitability: We must ensure that a series of recommendations, even if in your best interest when viewed in isolation, should also be viewed in the aggregate as not excessive and made in your best interest.

AWM's compliance with the Care Obligation is evaluated on the facts and circumstances at the time of the recommendation and not in hindsight.

- B. AWM's written supervisory policies address considerations for each of the three components of the Care Obligation described above to include among others:
1. Factors we consider and processes we use when assessing a particular security or investment strategy.
  2. Considerations regarding complex and alternative products.
  3. Prerequisites to making client-specific recommendations (such as obtaining and reviewing your investment profile information).
  4. Consideration of reasonably available alternatives to include reviewing specific limitations on the available investments and services our firm may have in respect to your investment objectives.
  5. Supervisory review processes AWM employs to review client account transaction activity in accessing a series of recommendations made by our Client Advisors.
- C. We allow Client Advisors to make recommendations to prospective clients once they have obtained client investment profile information to sufficiently satisfy the requirements of the Care Obligation. Additionally, our Client Advisors may provide advice regarding IRAs or IRA rollovers if they have reviewed the retail investor's needs and circumstances, including but not limited to:
1. Retail investor's investment profile,
  2. Potential risks, rewards and costs of the IRA or IRA rollover compared to the investor's existing employer sponsored retirement plans, and
  3. Other relevant factors such as: fees and expenses, levels of service available, available investment options, ability to take penalty-free withdrawals, application of required minimum distributions, protection from creditors and legal judgements, holdings of employer stock, and any special features of the existing account.

AWM's Plan Participant Rollover Election Disclosure is a document we employ with our clients to provide them important information and document the review of these items.

- D. We also consider relative factors when making recommendations to you regarding which account type (e.g. brokerage or advisory) would be in your best interest. These factors, as applicable, include:
1. Services and products provided in the account (Example: Continuous monitoring is not available for brokerage accounts),
  2. Projected account costs to the retail investor,
  3. Alternative account types available (minimum investment considerations/\$50,000 for advisory accounts with some programs having higher minimums),
  4. Services requested by the retail investor, and
  5. Retail investor's investment profile.

## IV. Conflicts of Interest

We have an obligation to act in your best interest. To this purpose, we adopted written supervisory policies and procedures reasonably designed to identify and either: eliminate, mitigate, or, at a minimum, disclose all conflicts of interest associated with recommendations covered by Regulation Best Interest.

A conflict of interest is an interest that might incline our firm, or one of our associated persons, consciously or unconsciously, to create a policy or make a recommendation(s) that is not disinterested thereby potentially placing our interests ahead of your interests or making our interests a factor in making a recommendation.

AWM will not be able to eliminate all identified conflicts of interest, potential and real, which may materially affect a retail investor's decision to conduct with our firm. In these cases, AWM will work to mitigate the conflict, if possible, or will try to take actions such as declining to make a recommendation where the conflicts are too significant. While AWM makes reasonable efforts in this document and other disclosures to disclose material conflicts of interest, it may be impossible to capture a complete list because of items we have yet to consider.

AWM has completed a review of its business practices to include among other items: product offerings, investment related services, revenue sources and associate compensation to reasonably identify, eliminate or mitigate (when possible) and disclose conflicts of interest.

The following pages (chart format) provide disclosure of the identified conflicts of interest and documents our firm's actions to eliminate or mitigate them (when possible).

**IV. A. Product Offering Conflicts**

Reference	Conflict Identified	Mitigating Controls	Mitigating Controls	Mitigating Controls	Mitigating Controls	Mitigating Controls
(1)	<u>Individual Equities, Options, Bonds, Brokered CDs, Market Linked and Structured Investments</u> offer varied compensation that could influence a Client Advisor to recommend a product based upon its ability to generate higher commissions and revenues to the firm.	Brokerage products are approved by the Product Review Committee, where among other items, conflicts are considered before a product is approved.	<ul style="list-style-type: none"> <li>As applicable for the product required disclosures are made (orally and disclosure page link on confirmations).</li> <li>Structured/Market-Link CDs and Notes require a client-signed Alternative Investment Suitability &amp; Disclosure. This document addresses product key features.</li> </ul>	Client Advisor compensation policies result in a production-based salary vs. straight commission. The AWM Compensation Committee governs compensation and administers the plan.	AWM Compliance: <ul style="list-style-type: none"> <li>Training Programs</li> <li>Site Reviews</li> <li>Policies -Market Link Investments have certain investor eligibility requirements to include investment objective; and investment limitations to include the % of a client's Modified Net Worth.</li> <li>Complaint Review</li> </ul>	NA
(2)	<u>Mutual Funds, Exchange Traded Funds (ETFs), 529 Plans, Uniform Transfer to Minor (UTMA)</u> offer varied compensation that could influence a Client Advisor to recommend a product based upon its ability to generate higher commissions and revenues to the firm.	These products are approved by the Product Review Committee, where among other items, conflicts are considered before a product is approved.	<ul style="list-style-type: none"> <li>As applicable for the product required disclosures are made (orally and via the new account packet and the disclosure page link on confirmations).</li> <li>Client-signed Mutual Fund Switch Form is required, and Principal reviewed if fund sold held less than 3 years (A shares), or if a contingent deferred sales charge-CDSC will be incurred (B &amp; C shares).</li> </ul>	Client Advisor compensation policies result in a production-based salary vs. straight commission. The AWM Compensation Committee governs compensation and administers the plan.	AWM Compliance: <ul style="list-style-type: none"> <li>Training Programs</li> <li>Site Reviews</li> <li>Policies – Including C share usage in 529 Plans and UTMA age of termination review processes</li> <li>Complaint Review</li> </ul>	NA
(3)	<u>Unit Investment Trusts (UITs)</u> offer varied compensation that could influence a Client Advisor to recommend a product based upon its ability to generate higher commissions and revenues to the firm.	UITs are approved by the Product Review Committee, where among other items, conflicts are considered before a product is approved.	<ul style="list-style-type: none"> <li>UIT product disclosure is made orally and via the new account packet and the disclosure page link on confirmations. Client-signed UIT Switch Form is required and Principal reviewed for switching sale of UIT not held to term.</li> </ul>	Client Advisor compensation policies result in a production-based salary vs. straight commission. The AWM Compensation Committee governs compensation and administers the plan.	AWM Compliance: <ul style="list-style-type: none"> <li>Training Programs</li> <li>Site Reviews</li> <li>Policies</li> <li>Sweeps for early liquidation review</li> <li>Complaint Review</li> </ul>	NA

Reference	Conflict Identified	Mitigating Controls	Mitigating Controls	Mitigating Controls	Mitigating Controls	Mitigating Controls
(4)	<u>Alternative Investments: Non-Traded Real Estate Investment Trusts (REITs) and Business Development Companies (BDCs)</u> offer varied compensation that could influence a Client Advisor to recommend a product based upon its ability to generate higher commissions and revenues to the firm.	Non-traded REITs and BDCs are approved by the Product Review Committee, where among other items, conflicts are considered before a product is approved.	<ul style="list-style-type: none"> <li>Alternative Investments require a client-signed Alternative Investment Suitability &amp; Disclosure. This document addresses key features of the product.</li> </ul>	Client Advisor compensation policies result in a production-based salary vs. straight commission. The AWM Compensation Committee governs compensation and administers the plan.	AWM Compliance: <ul style="list-style-type: none"> <li>Training Programs</li> <li>Site Reviews</li> <li>Policies - Alternative Investments have certain investor eligibility requirements to include investment objective; and investment limitations to include the % of a client's Modified Net Worth.</li> <li>Complaint Review</li> </ul>	NA
(5)	<u>Alternative Investments: Private Placements of Non-Marketable Securities and Private Hedge Funds</u> offer varied compensation that could influence a Client Advisor to recommend a product based upon its ability to generate higher commissions and revenues to the firm.	Private Placements and Private Hedge Funds are approved by the Product Review Committee, where among other items, conflicts are considered before a product is approved.	<ul style="list-style-type: none"> <li>Alternative Investments require a client-signed Alternative Investment Suitability &amp; Disclosure. This document addresses key features of the product.</li> <li>A senior manager also reviews and signs this document for these alternative investments in addition to normal Principal review and approval.</li> </ul>	Client Advisor compensation policies result in a production-based salary vs. straight commission. The AWM Compensation Committee governs compensation and administers the plan.	AWM Compliance: <ul style="list-style-type: none"> <li>Training Programs</li> <li>Site Reviews</li> <li>Policies-Alternative Investments have certain investor eligibility requirements and investment limitations to include the % of a client's Modified Net Worth.</li> <li>Complaint Review</li> </ul>	Senior Management approves the Client Advisors that may participate in this business line. Those approved Client Advisors also must complete additional training specific to these products.

Reference	Conflict Identified	Mitigating Controls	Mitigating Controls	Mitigating Controls	Mitigating Controls	Mitigating Controls
(6)	<p><u>Variable Annuities (VAs)</u> offer varied compensation by product and carrier and could influence a Client Advisor to recommend a product based upon its ability to generate higher commissions and revenues to the firm.</p> <p>Additionally, although initial gross production allocated to Client Advisors' production grids is capped at 5% of premiums for contracts incepted 06/30/2020 or later, Client Advisors' gross productions for additions to contracts incepted prior to June 30, 2020 will continue to reflect the percentages of premium amounts, which were in effect at the times of the contracts' inceptions. Client Advisors and our Firm may earn more in some instances on client additions to existing contracts than client new contract purchases.</p>	VA's are approved by the Product Review Committee, where among other items, conflicts are considered before a product is approved.	<p>Client-signed VA Suitability &amp; Disclosure Form, which contains details concerning:</p> <ul style="list-style-type: none"> <li>• How the VA works,</li> <li>• Related costs and</li> <li>• Liquidity concerns.</li> </ul> <p>Required for purchases and exchanges. Also, the Annuity Intelligence (comparison report) is required for exchanges.</p>	Client Advisor compensation policies result in a production-based salary vs. straight commission. The AWM Compensation Committee governs compensation and administers the plan.	<p>AWM Compliance:</p> <ul style="list-style-type: none"> <li>• Training Programs</li> <li>• Site Reviews</li> <li>• Policies -60% Liquid Net Worth Guideline</li> <li>• Complaint Review</li> </ul>	VA and registered index annuity initial gross production allocated to Client Advisors' production grids is capped at 5% of premiums for contracts incepted 06/30/2020 or later. Client Advisors may also receive ongoing annual (trail) compensation.
(7)	<p><u>Variable Universal Life (VULs)</u> offer varied compensation by product version and carrier and could influence a Client Advisor to recommend a product to generate higher commissions and revenues to the firm. Additionally, VUL revenue generated may be applied at a higher percentage level than other products in establishing the Client Advisor's production-based salary.</p>	The AWM Product Review Committee approves the VUL category by carrier and conflicts, among other items, are considered as part of this process.	<p>Client-signed VUL Disclosure Form, which contains disclosures concerning general VUL:</p> <ul style="list-style-type: none"> <li>• Features,</li> <li>• Benefits and</li> <li>• Risks.</li> </ul> <p>Required for purchases and exchanges.</p>	Client Advisor compensation policies result in a production-based salary vs. straight commission. The AWM Compensation Committee governs compensation and administers the plan.	<p>AWM Compliance:</p> <ul style="list-style-type: none"> <li>• Training Programs</li> <li>• Site Reviews</li> <li>• Policies - Replacement requirements including client signed switch forms.</li> <li>• Compliant Review</li> </ul>	Use of non-affiliated, insurance broker general agencies in case design and carrier placement.

<b>IV. B. Business Activity Conflict</b>						
<b>Reference</b>	<b>Conflict Identified</b>	<b>Mitigating Controls</b>	<b>Mitigating Controls</b>	<b>Mitigating Controls</b>	<b>Mitigating Controls</b>	<b>Mitigating Controls</b>
(1)	<u>Employer Qualified Retirement Plan Rollovers</u> : Rollovers from qualified retirement plans to AWM IRAs create an opportunity for us to earn revenue on plan assets that would not be generating revenues for us if they remained in their current plan.	Brokerage products are approved by the Product Review Committee, where among other items, conflicts are considered before a product is approved.	<ul style="list-style-type: none"> <li>• A client-signed Plan Participant Rollover Election (PPRE) disclosure is required for rollovers.</li> <li>• Document assists in the review of material factors in making a rollover decision to include pros and cons of making a rollover to AWM.</li> </ul>	Client Advisor compensation policies result in a production-based salary vs. straight commission. The AWM Compensation Committee governs compensation and administers the plan.	AWM Compliance: <ul style="list-style-type: none"> <li>• Training Programs</li> <li>• Site Reviews</li> <li>• Policies</li> <li>• Sweeps to confirm obtaining of required PPRE disclosure.</li> <li>• Complaint Review</li> </ul>	NA

<b>IV. C. Sources of Compensation Conflicts</b>						
<b>Reference</b>	<b>Conflict Identified</b>	<b>Mitigating Controls</b>	<b>Mitigating Controls</b>	<b>Mitigating Controls</b>	<b>Mitigating Controls</b>	<b>Mitigating Controls</b>
(1)	<u>Brokerage Commissions and Trailing Commissions</u> : We receive compensation of varying degrees from providers of brokerage products in the form of commissions and trailing commissions.	Brokerage products are approved by the Product Review Committee, where among other items, conflicts are considered before a product is approved.	Brokerage trades are reviewed and approved by the AWM Principal Review Desk (PRD) and are compliant with AWM written supervisory policies.	Client Advisor compensation policies result in a production-based salary vs. straight commission. The AWM Compensation Committee governs compensation and administers the plan.	AWM Compliance: <ul style="list-style-type: none"> <li>• Training Programs</li> <li>• Site Reviews</li> <li>• Policies include investment limits (as applicable)</li> <li>• Sweeps to assess compliance with firm policies</li> <li>• Complaint Review</li> </ul>	NA
(2)	<u>Brokerage Commissions and Trailing Commissions</u> : We receive compensation at the expense of clients in the form of commissions for brokerage products offered.	Brokerage products are approved by the Product Review Committee, where among other items, conflicts are considered before a product is approved.	Brokerage trades are reviewed and approved by the AWM Principal Review Desk (PRD) and are compliant with AWM written supervisory policies.	Client Advisor compensation policies result in a production-based salary vs. straight commission. The AWM Compensation Committee governs compensation and administers the plan.	AWM Compliance: <ul style="list-style-type: none"> <li>• Training Programs</li> <li>• Site Reviews</li> <li>• Policies to include investment limits (as applicable)</li> <li>• Sweeps to assess compliance with firm policies</li> <li>• Complaint Review</li> </ul>	NA

Reference	Conflict Identified	Mitigating Controls	Mitigating Controls	Mitigating Controls	Mitigating Controls	Mitigating Controls
(3)	<u>Compensation from product providers and financial intermediaries:</u> AWM receives compensation from product partners and financial intermediaries (such as our clearing firm) for support of our corporate events to include top producer training and trips. Additionally, they often support Client Advisors' marketing efforts such as seminars. While our Client Advisors do not receive payments directly for training or marketing support, they do receive indirect benefits of this support.	<ul style="list-style-type: none"> <li>• Brokerage products are approved by the Product Review Committee, where among other items, conflicts are considered before a product is approved.</li> <li>• Support of AWM corporate events or marketing efforts is not required for product approval.</li> </ul>	Top Producer (Masters Circle) recognition trips and training is reviewed by the Masters Circle Committee, which includes four members of AWM's executive management.	Vendor due diligence training events for AWM Client Advisors must be approved by the Client Advisor's direct supervisor (Regional Manager) for compliance with AWM written supervisory policies.	AWM associates are required to report product partner and vendor non-cash compensation (such as described within this conflict disclosure) for manager review.	NA
(4)	<u>Contractually Received Compensation from product providers, vendors and financial intermediaries:</u> We receive payments from product providers and financial intermediaries through contract negotiation. These types of payments tend to be non-repetitive and generally offset costs that we owe to the other party. An example would be payments, or reimbursements, based on volume discounts and growth incentives.	<ul style="list-style-type: none"> <li>• Brokerage products are approved by the Product Review Committee, where among other items, conflicts are considered before a product is approved. Support of AWM corporate events or marketing efforts is not required for product approval.</li> </ul>	Corporate contracts are reviewed by at least one member of the AWM management team.	New vendors are subject to review by the Arvest Third Party Provider Risk Management Department.	AWM discloses the existence of the arrangements in our disclosure documents.	Client complaints related to a vendor or product provider are reviewed by the AWM Compliance Department, which also notifies the applicable product partner or vendor.
(5)	<u>Additional Compensation "Incentive Awards" AWM pays to reward successful sales performance to include incentives paid for Masters Circle qualifiers.</u>	Brokerage products are approved by the Product Review Committee, where among other items, conflicts are considered before a product is approved.	Brokerage trades are reviewed and approved by the AWM Principal Review Desk (PRD) and are compliant with AWM written supervisory policies.	Masters Circle incentive payments to Client Advisors are based upon total sales production and not the sales of any particular product(s). Payments are approved by AWM executive management.	AWM Compliance: <ul style="list-style-type: none"> <li>• Training Programs</li> <li>• Site Reviews</li> <li>• Policies to include investment limits (as applicable)</li> <li>• Sweeps to assess compliance with firm policies</li> </ul> Complaint Review	NA

Reference	Conflict Identified	Mitigating Controls	Mitigating Controls	Mitigating Controls	Mitigating Controls	Mitigating Controls
(6)	<p><u>AWM Client Advisors receive competitive benefits under the Arvest Bank compensation program, subject to qualification:</u> Beyond typical benefits, the program includes profit sharing bonus payments, profit sharing retirement contributions and the Arvest stock awards program. AWM profitability contributes to Arvest Bank profitability and the amount of profit-sharing incentives received. Also, stock awards are provided to Client Advisors reaching certain levels of sales success (revenue generation).</p>	<p>These programs are administered and approved by bank associates and executive management. They are based on employment status and salary base. The salary base, determined by total production during a measurement period, is not based on the sales of any particular product provided by a particular vendor.</p>	<p>Brokerage products are approved by the Product Review Committee, where among other items, conflicts are considered before a product is approved.</p>	<p>Brokerage trades are reviewed and approved by the AWM Principal Review Desk (PRD) and are compliant with AWM written supervisory policies.</p>	<p>AWM Compliance:</p> <ul style="list-style-type: none"> <li>• Training Programs</li> <li>• Site Reviews</li> <li>• Policies to include investment limits (as applicable)</li> <li>• Sweeps to assess compliance with firm policies</li> <li>• Complaint Review</li> </ul>	<p>NA</p>

<b>IV. D. Additional Control Measures That Influence Culture</b>						
<b>Reference</b>	<b>Mitigating Controls</b>	<b>Mitigating Controls</b>	<b>Mitigating Controls</b>	<b>Mitigating Controls</b>	<b>• Mitigating Controls</b>	<b>• Mitigating Controls</b>
(1)	<u>AWM Code of Ethics (COE), Written Supervisory Whistleblower Policy and the AWM Employee Agreement:</u> Address associate conduct and cover some conflict of interest issues. The documents provide support and guidance to influence our firm's culture, which will impact the behavior of our associates	Our COE establishes rules of conduct that promote high ethical standards in general, including those behaviors most relevant to Regulation Best Interest (Reg BI).	Our Whistleblower Policy provides a process for our associates to submit concerns regarding questionable activities, illegal practices, or other violations of policies by associates and affiliates on a confidential and anonymous basis. These submissions may be made internally through a defined process or externally directly to regulatory bodies such as the Securities Exchange Commission (SEC) or Financial Industry Regulatory Authority (FINRA).	The AWM Employee Agreement reinforces and extends governance in the COE in several sections that are relevant to Reg BI.	<ul style="list-style-type: none"> <li>• AWM Compliance hosts formal quarterly meetings with our firm's leadership in addition to informal meetings as needed. These meetings address compliance issues relevant to the firm, including items that pertain to Reg BI.</li> <li>• Securities licensed associates are required on an annual basis, or as their situation changes to report outside business activities, investment accounts/holdings, gifts/gratuities, and whether they are serving in capacities that could present a conflict of interest.</li> </ul>	<ul style="list-style-type: none"> <li>• AWM policy is not to participate in vendor/product provider pushes (sales contests).</li> <li>• AWM is examined by its own Compliance Department and receives a full scope examination by the Arvest Bank Internal Audit Department on an annual basis.</li> <li>• Additionally, outside auditors conduct financial statement examinations.</li> <li>• Our firm is also subject to review by federal, state and self-regulatory entities.</li> </ul>

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