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## Introduction

Rhodes Securities, Inc. (Rhodes Securities) is registered with the Securities and Exchange Commission (SEC) as a broker-dealer, and is a member firm of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Rhodes Investment Advisors, Inc. (Rhodes Investment Advisors) is registered with the SEC as an investment adviser. Rhodes Securities and Rhodes Investment Advisors are affiliated through common ownership and control.

We provide our clients broker-dealer services through Rhodes Securities and investment advisory services through Rhodes Investment Advisors. You should carefully consider which types of accounts and services are right for you. This document gives you a summary of those services we provide and how you pay for them. Please ask us for more information.

Brokerage and investment advisory services and fees differ, and it is important for the retail investor to understand the differences. Free and simple tools are available for you to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), a website maintained by the SEC. These tools can also provide you with educational materials about broker-dealers, investment advisers, and investing.

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## What investment services and advice can you provide me?

### Brokerage Services provided by Rhodes Securities

We offer brokerage services to retail investors, including buying and selling securities. Our services include discussing your investment goals, assistance with developing or executing an investment strategy, providing recommendations related to investments in your portfolio, ongoing communications and providing access to trade execution and custody services. We generally provide brokerage services on a non-discretionary basis, and to that end, you may select investments, or we may recommend investments for your account, but the ultimate investment decision for your investment strategy and the purchase or sale of investments will be yours. Notwithstanding that, we may accept limited discretionary authority as to price and time in certain circumstances. Additionally, we can offer you additional services to assist you with your investment goals, including the monitoring of the performance of your account upon request.

### Investment Advisory Services provided by Rhodes Investment Advisors

We offer investment advisory services and advice on a regular basis to retail investors. Our services include discussing your investment goals, designing with you a strategy to achieve your investment goals, and the ongoing monitoring of your account. We generally will contact you at least quarterly regarding your investment portfolio. Other advisory services we provide include financial planning services, investment consulting, and the selection of advisers. Additionally, we provide discretionary and non-discretionary advisory services. Our discretionary authority is generally granted, at the outset of our advisory relationship in our client agreement, to select the identity and amount of securities to be bought or sold during your advisory relationship with us. We exercise such discretion in a manner consistent with the stated investment objectives, limitations and restrictions imposed upon us by you we advise. With respect to our non-discretionary services, you should be aware that you make the ultimate decision regarding your investment holdings, including the purchase and/or sale of those investments.

## Brokerage and Advisory Services

Our investment advice generally covers equities, debt, options, futures, and mutual funds. Other firms could provide advice on a wider range of choices, some of which might have lower cost. We generally require that clients have a minimum of \$25,000 in investment assets to open and maintain an account with us; however, we may waive the minimum in our sole discretion.

## Additional Information

For additional information, please see our Regulation Best Interest Disclosure (for brokerage relationships), our Form ADV, Part 2A brochure, Items 4 and 7 (for advisory relationships), your account or advisory agreement, other applicable documents, or our website: [Rhodessecurities.com](http://Rhodessecurities.com). Additionally, you can contact us about our services at (817) 334-0455, and we will be happy to discuss with you.

### Conversation Starters - Questions you might wish to ask when considering our services:

- Given my financial situation, should I choose a brokerage service? Should I choose an investment advisory service? Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

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## What fees will I pay?

### Principal Brokerage Fees and Costs

If you open a brokerage account, you will pay us a transaction-based fee (generally referred to as a "commission") every time you buy or sell an investment. While our brokerage fees vary and are negotiable, the amount you pay will depend, for example, on how much you buy or sell, what type of investment you buy or sell, and what kind of account you have with us. With stocks or exchange-traded funds, this fee is usually a separate commission. With other investments, such as bonds, this fee might be part of the price you pay for the investment (called a "mark-up" or "mark down"). With mutual funds, this fee (typically called a "load") reduces the value of your investment.

Ultimately, the more transactions in your account, the more fees we charge you. We therefore have an incentive to encourage you to engage in transactions.

### Principal Investment Adviser Fees and Costs

Retail investors will incur the fees described below for investment advisory services, which are negotiated between you the client and your financial advisor. The principal fees for investment advisory services are as follows:

- Asset-based fees, which are an ongoing fee, and based upon a percentage of the assets managed by us.
- Hourly or fixed charges for financial planning and general investment consulting services.
- You will pay a commission to your financial professional when we buy and sell an investment for you. This is in addition to the advisory fees payable to us for advisory services.

Our advisory fees vary and are negotiable. The amount you pay will depend, for example, on the services you receive and the amount of assets in your account. Additionally, the amount paid to us and your financial professional generally does not vary based on the type of investments we select on your behalf. The asset-based fee reduces the value of your account and will be deducted from your account.

The more assets you have in the advisory account, including cash, the more you will pay us. We therefore have an incentive to increase the assets in your account in order to increase our fees. You pay our fee quarterly even if you do not buy or sell your investment assets.

### Other Fees and Costs

We also charge you additional fees, such as custodial fees, account maintenance charges, account inactivity fees, deferred sales charges, wire transfer and electronic fund fees, and other fees and taxes on custodial brokerage accounts and securities transactions. Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time. Also, with certain investments such as variable annuities, you may have to pay fees such as "surrender charges" to sell the investment.

## Additional Information

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

For additional information, please see our Regulation Best Interest Disclosure (regarding our brokerage relationship), our Form ADV, Part 2A brochure, Items 5A, B, C and D (regarding our advisory relationship), your account or advisory agreement, or other applicable documents.

### **Conversation Starters - ask your financial professional and start a conversation about the impact of fees and costs on investments:**

- Help me understand how these fees and costs affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

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## What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does the firm make money and what conflicts of interest do you have?

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means:

- We receive payments from third-party product sponsors and managers or their affiliates (such as mutual funds) when we recommend or sell certain products. As such, we have an incentive to recommend 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.
- We may buy or sell securities to you for our own account (called "acting as a principal"). Because we earn compensation (such as commission equivalents, mark-ups, mark-downs, and spreads) and can receive other benefits in these principal transactions, we have an incentive to encourage you to trade with us on a principal basis.
- Your advisory custodian provides services to us, including research, execution, brokerage, custody and access to mutual funds and other investments. Additionally, other services provided assist us in managing and administering clients' accounts. These services are provided based in part on the assets held at the respective custodians, and as such, create an incentive for us to direct clients to their custodial platforms. For additional information, please see our Form ADV Part 2A, Item 14.

## Additional Information

For additional information, please see our Regulation Best Interest Disclosure (regarding our brokerage relationship), our Form ADV, Part 2A brochure (regarding our advisory relationship), your account or advisory agreement, or other applicable documents.

### **Conversation Starters - ask your financial professional:**

- How might your conflicts of interest affect me, and how will you address them?

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## How do your financial professionals make money?

Your financial professional earns compensation based upon a portion of the sales commissions resulting from buying and selling securities for your brokerage account through Rhodes Securities and/or the revenue we earn for providing you with advisory services or recommendations through Rhodes Investment Advisors. They may also receive compensation from the sale of insurance products through Rhodes Investment Advisors. As a result, your financial professional may have a financial incentive to buy and sell securities in a brokerage account and/or to not reduce fees in an advisory account. Additionally, your financial professionals are compensated based on factors such as the amount

of client assets they service, the time and complexity required to meet a client's needs, commissions from portfolio transactions recommended by your financial professional, and the sale of insurance products.

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## Do your financial professionals have legal or disciplinary history?

**Yes.** Please see [Investor.gov/CRS](https://investor.gov/CRS) or <https://brokercheck.finra.org> for a free and simple tool to research the background and experience of us and our financial professionals.

### **Conversation Starters - ask your financial professional:**

- As a financial professional, do you have any disciplinary history? For what type of conduct?

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## Where can I find additional information?

For additional information regarding our services, please see our Regulation Best Interest Disclosure (regarding our brokerage relationship), our Form ADV, Part 2A brochure, Items 4 and 7 (regarding our advisory relationship), your account or advisory agreement, other applicable documents, or if you would like additional, up-to-date information or a copy of this disclosure, please contact Marilyn Zehntner by phone at (817) 334-0455, or by email at [mz@rsi2.com](mailto:mz@rsi2.com).

### **Conversation Starters - ask your financial professional:**

- Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Whom can I talk to if I have concerns about how this person is treating me?