

Austin Atlantic Capital Inc.
COMPENSATION AND CONFLICTS DISCLOSURE

www.austinatlantic.com

This disclosure provides information about the business practices, compensation and conflicts of interest related to the brokerage business of Austin Atlantic Capital Inc. (“AAC”). Austin Atlantic Inc. is the holding company of AAC (referred to collectively as “we,” “us,” or “AAI”). Additional information about AAC and its financial professionals is available on FINRA’s website at or via the SEC’s website at <http://brokercheck.finra.org>. or via the SEC’s website at www.sec.gov.

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ITEM 1 INTRODUCTION

AAC is a broker-dealer registered with the Securities and Exchange Commission (SEC) and member of the Financial Industry Regulatory Authority (FINRA). In addition, AAC is authorized by FINRA to distribute and underwrite mutual funds, to receive referral fees for introducing buyers and sellers of government guaranteed whole loans, and to receive referral fees for introducing buyers and sellers of repurchase/reverse repurchase transactions. AAC does not solicit retail investors.

AAI, through operating subsidiary AAC, maintains a network of individuals, referred to as “financial professionals”, who offer brokerage services, based on their licenses. Some of AAI’s financial professionals are Registered Representatives of AAC.

AAC’s financial professionals are primarily independent contractors. In limited cases our financial professionals may be independent contractors of unaffiliated financial institutions, other broker dealers or advisory firms. Those registered persons or independent financial professionals are dispersed throughout the U.S. and often market services under their own business name.

When you are discussing services with a financial professional, you should ask what capacity the financial professional is acting or will be acting – as a broker-dealer registered representative and/or an IAR – when providing services to you.

This disclosure discusses important information regarding financial professionals who act as registered representatives of AAC. For more information about AAC and the services financial professionals provide, please contact AAC or visit our disclosures page. For additional information on which type of AAI service is right for you, please see AAI’s Form CRS (Customer Relationship Summary) that can be found at https://files.brokercheck.finra.org/crs_43981.pdf.

Like all financial services providers, AAI, and its financial professionals have conflicts of interest. If AAC is paid an upfront commission, it means that we are paid for each transaction a customer executes. If we are paid a “trailing commission” we receive ongoing compensation for as long as a customer holds that investment. The compensation described in this disclosure represents the maximum gain or profit, we receive on an investment or transaction, before subtraction of our expenses.

Please also note that not all of the conflicts described in this disclosure apply to a particular financial professional, his /her services, or all the products we sell. The types and amounts of compensation we receive change over time. You should ask your financial professional any

questions or concerns regarding compensation, costs, fees, or conflicts of interest.

ITEM 2 COMMISSIONS, FEES, AND OTHER TYPES OF SALES COMPENSATION

Commissions and Sales Charges

- AAC does not have representatives soliciting retail customers or broker-dealers to sell funds. However, AAC may receive upfront commissions from product sponsors or mutual funds for executing transactions related to the distribution of securities. A commission—sometimes referred to as a sales load, sales charge, or placement fee—is typically paid at the time of the transaction and may reduce the amount available for investment or be charged directly against the investment. Commissions vary based on the product and are generally related to the size of the transaction.

In some cases, a portion of the sales charge or commission is retained by the mutual fund's sponsor. AAC does not have financial professionals earning commissions from direct customer transactions, but commissions received from fund sponsors may vary by product, which could create incentives related to product selection. For more information about commissions related to a particular mutual fund, please refer to the prospectus or offering documents.

- **Mutual Funds.** The maximum commission or sales charge permitted under applicable rules is 4%, although the maximum is typically 2%.

Brokerage Practices

From time-to-time, AAC will act as Agent only in government guaranteed whole loans and repurchase agreement/reverse repurchase agreements. The fee charged is negotiated, any is typically set before the execution of the transaction using a Term Sheet or investment advisory or consulting contract

ITEM 3 THIRD PARTY COMPENSATION

AAC may receive compensation from product sponsors and third parties in connection with the distribution and underwriting of mutual funds or other securities products. These payments are typically received as part of institutional relationships rather than direct customer transactions. AAC does not solicit retail customers, and its compensation from third-party product sponsors may include commissions, trail payments, or other forms of compensation.

For more information about the third-party compensation arrangements, please contact the Compliance Department at Austin Atlantic Capital Inc.

Third Party Compensation Shared by Austin Atlantic and Financial Professionals Trail Compensation

AAC receives ongoing compensation from certain products such as mutual funds. This compensation, commonly referred to as trails or Rule 12b-1 fees, is typically paid from the managed assets under a distribution or servicing arrangement between AAC and the mutual fund sponsor. These payments are calculated as an annual percentage of assets invested. The more assets invested in a product, the more AAC is paid in these fees.

This compensation creates an incentive to encourage larger investments in products that pay higher trails. AAC may recommend products that pay trail fees over those that do not, which could result in a conflict of interest. The amount of trails received varies by product. For more information about trail compensation related to a particular AAC product, please refer to the product's prospectus or offering document.

- **Mutual Funds:** The ongoing payment depends on the class of shares but typically ranges between 0.20% and 1% of assets annually.

Concessions and Mutual Fund Finder's Fee

In certain cases, AAI and its' financial professionals receive compensation from a mutual fund sponsor in connection with transactions for which sales charges are waived or under other circumstances and as described in a fund's offering documents. This compensation is generally referred to as a finder's fee or concession and typically ranges between 0.25% and 1% of the transaction amount.

Non-Cash Compensation

AAI, AAI employees, independent contractors, and/or other financial professionals may receive non-cash compensation from sponsors that is not in connection with any particular customer or AAI. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting or entertainment event, or reimbursement in connection with educational meetings, customer workshops or events, or marketing or advertising initiatives, including services for identifying prospective customers. Sponsors may also pay, or reimburse AAI and/or its financial professionals, for the costs associated with education or training events that may be attended by staff and for AAI sponsored conferences and events.

ITEM 4 PRODUCT COSTS AND RELATED CONFLICTS

AAC provides services related to the distribution of mutual funds and government-guaranteed loan referrals. Each product carries unique risks, and certain products may incur fees and costs in addition to any commissions or fees that AAC receives. You can learn more about these risks, fees, and costs by reviewing the prospectus or other offering documents for the mutual funds or products distributed by AAC.

Outlined below are the typical expense ranges for the products that AAC distributes. These expenses are in addition to the commissions and fees that AAC may receive for its brokerage and distribution services:

- Mutual Funds: Expense ratios can vary based on the type of mutual fund purchased. The average expense ratio for actively managed funds typically ranges between 0.2% and 1.0%. For passive index mutual funds, the average expense ratio is approximately 0.2%.
- Government Guaranteed Loan Referrals: AAC charges a referral fee for facilitating introductions related to government-guaranteed loan transactions. Additional fees may be charged by the investor's bank, custodian, or legal advisors.

Share Class and Fund Selection

AAC offers various mutual fund share classes, including no-load funds. No-load funds do not charge an upfront sales charge or commission at the time of purchase. Instead, AAC may receive ongoing compensation, such as 12b-1 fees or other forms of revenue-sharing payments from fund sponsors.

While no-load funds generally have lower fees, AAC may have an incentive to limit the availability of these funds and recommend mutual funds that pay higher compensation, such as those that provide trailing commissions.

AAC offers mutual funds with similar or identical strategies but differing fee structures. The cost of one fund versus another may depend on several factors, including the length of the holding period and the size of the initial investment. These differences may result in higher compensation for AAC, which could create a potential conflict of interest. For more information on fees and expenses, clients should review the mutual fund's prospectus or other offering documents.

ITEM 5 CUSTOMER REFERRALS, OTHER COMPENSATION, AND OTHER CONFLICTS

Payment for Referrals

AAC and financial professionals may enter into lead generation, marketing and/or referral arrangements with third parties and other financial intermediaries, including for the purpose of introducing new customers to those third parties. The fees paid for these services can be structured in various ways, including an ongoing flat fee, incentive fees, commissions, management fees, success fees, promote fees and interest fees which are shared with AAC and its financial professionals.

Limitations on Recommendations

AAC offers and distributes products only from sponsors with which it has entered into selling and distribution agreements. Other firms may offer products and services not available through AAC, or they may offer similar products at a lower cost.

The products distributed by AAC are typically selected based on the institutional relationships it maintains with product sponsors. For more information about the products distributed by AAC, clients should review the fund prospectus or contact the AAC Compliance Department.

You should ask your financial professional about the securities or services he/she is licensed or qualified and approved to sell, and his/her ability to service. You should also review the licenses held by your financial professional by visiting the FINRA BrokerCheck system at <http://brokercheck.finra.org>.

Compensation of Certain Employees

AAC does not employ financial professionals or provide direct sales services related to advisory products or programs. Compensation for AAC employees is not based on sales of products or services but is structured around institutional agreements and distribution arrangements with mutual fund sponsors. AAC ensures that compensation arrangements do not create conflicts of interest in its institutional relationships.

ITEM 6 FINANCIAL PROFESSIONAL COMPENSATION, FEES AND RELATED CONFLICTS

AAC generally compensates financial professionals pursuant to an independent contractor agreement, and not as employees. However, some financial professionals are employees of AAC. Described below are the compensation and other benefits that independent contractor financial professionals receive from AAC:

- **Variable Compensation** AAC typically pays a financial professional a percentage of the revenue he/she generates from sales of individual products and services, as well as a portion of the collective percentage of revenues generated from managing advisory assets. The percentage received can vary (typically between 20% to 50% but may be up to 90%) depending on his or her agreements with AAC and the AAC products or service recommended and can be more or less than what he/she would receive at another brokerage firm. The payments can include a bonus that is based on the amount of assets serviced or revenue generated by the financial professional. When compensation is based on the level of production or assets, the financial professional has a financial incentive to meet those production or asset levels. In addition, AAC has the right to pay compensation to branch managers based on sales of products and services in the branch, in some cases, financial professionals would have to pay a portion of their compensation to their branch manager or another financial professional for supervision and/or administrative or sales support. There is a conflict of interest because the compensation affects the branch manager's ability to provide objective supervision of the financial professional. AAC and branch managers have an obligation to supervise financial professionals and may decide to terminate a financial professional's association with AAC based on performance, a disciplinary event or other factors. The amount of revenue a financial professional generates creates a conflict of interest when considering whether to terminate a financial professional.

Other Benefits

Financial Professional's Outside Business Activities: Financial professionals are permitted to engage in certain AAC-approved outside business activities. In certain cases, a financial professional could receive more compensation, benefits and non-cash compensation through the outside business than through AAC. Some financial professionals are General Partners, Limited Partners, Directors, Board Members of other financial or non-financial institutions, issuers of private placements, and some financial professionals refer customers to those other service providers and receive referral fees. As an example, a financial professional could provide advisory or financial planning services through an unaffiliated AAC advisory firm, sell insurance through a separate business, or provide third party administration to retirement plans through a separate firm. A financial professional may sell insurance through an insurance agency not affiliated with AAC. In those circumstances, the financial professional would be subject to the policies and procedures of the third-party insurance agency related to the sale of insurance products and would have different conflicts of interest than when acting on behalf of AAC. A financial professional may earn compensation, benefits and non-cash compensation through the third-party insurance agency and may have an incentive to recommend you purchase insurance products away from AAC. If you engage with a financial professional for services separate from AAC, you may wish to discuss with him/her any questions you have about the compensation he/she receives from the engagement as well as the amount of time they dedicate to serving AAC customers. Additional information about your financial professionals outside business activities is available on FINRA's website at www.finra.org, as well as asking your financial professional for a copy of their most recent Form ADV Part 2B Supplement.

Outsourced Vendor Relationships and Compliance Roles: AAC may engage with external vendors to fulfill critical functions, including compliance roles such as Chief Compliance Officer (CCO) services. These vendors may service multiple clients in the financial industry, which could result in competing interests. AAC assesses these relationships to mitigate potential conflicts of interest and ensure that vendor services are performed with due diligence and without bias.

Vendor and Service Provider Compensation: Certain vendors or service providers that work with AAC may offer discounts or financial incentives based on usage volume or long-term contracts. These arrangements may present potential conflicts of interest if they influence AAC's selection of services or products for its operations.

Revenue Sharing and Institutional Relationships: AAC may enter into revenue-sharing agreements with external partners in connection with product distribution. These arrangements could create conflicts of interest, as they may influence the choice of products or services offered by AAC. AAC seeks to manage these conflicts by adhering to industry best practices and ensuring transparency in all such agreements.

Compensation for Other Services

AAC and financial professionals can offer various types of brokerage programs, platforms and services, and earn differing types and amounts of compensation depending on the type of service, program or platform in which you participate. This variation in compensation can incentivize a financial professional to recommend services, programs or platforms that generate more compensation for AAC and the financial professional than others

ITEM 7 OTHER FINANCIAL INDUSTRY AFFILIATIONS

No industry affiliations

Please consult the Disclosures page on Austin Atlantic Capital Inc.'s website for current information about its brokerage compensation and related conflicts of interest. Austin Atlantic Capital Inc. updates this disclosure periodically on its website at www.austinatlantic.com/disclosures. You may not be notified when these changes occur, so please review the website regularly to stay informed of any updates. If you are unable to access the website or require printed copies of any referenced documents, please contact the Compliance Department at compliance@austinatlantic.com .