

HILLTOP SECURITIES INC. CUSTOMER RELATIONSHIP SUMMARY

ITEM 1: INTRODUCTION

Hilltop Securities Inc. (HTS) is dually registered as both an investment adviser and broker-dealer with the United States Securities and Exchange Commission (SEC) pursuant to the Securities Exchange Act of 1934 and the Investment Advisers Act of 1940. As a broker-dealer, HTS is also a member of the Financial Industry Regulatory Authority (FINRA), the Securities Investor Protection Corporation (SIPC) and the New York Stock Exchange (NYSE).

As a dually-registered firm, we offer retail investors both brokerage services and advisory services. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences, which are summarized here and further described in our regulatory filings and disclosure materials referenced below. Free and simple tools are available to research the Firm and its financial professionals at <https://www.investor.gov/CRS>, which also provides educational materials about broker-dealers, investment advisers, and investing.

ITEM 2: RELATIONSHIPS AND SERVICES

What investment services and advice can you provide me?

We offer both brokerage and investment advisory services to retail investors. However, not all of our financial professionals are licensed to provide both brokerage and advisory services. **Accordingly, you should understand that all recommendations made by the Firm and its financial professionals will be in a brokerage capacity unless otherwise stated.**

Brokerage Services: In general, the brokerage services we offer to retail investors consists of non-discretionary brokerage accounts to purchase, sell and hold securities. In a non-discretionary account, a financial professional may provide you with recommendations, but you always make the ultimate decision to buy, sell or hold your investments. In other words, a financial professional will not enter orders or otherwise transact in your brokerage account unless you authorize us to do so. In general, our financial professionals do not actively monitor your brokerage account investments.

Investment Advisory Services: Our investment advisory services consist of both discretionary and non-discretionary account management programs (collectively referred to as the “Programs”). Discretionary management means that you authorize your financial professional to make decisions regarding the transactions in your account in accordance with a defined investment strategy and written agreement. With non-discretionary advisory services, for a single fee, our financial professionals will provide you with advice regarding various investment programs or investment strategies, but you make the decision about how to transact in your account. Our investment advisors will monitor your account performance on a periodic basis, and there is no additional fee or charge associated with this account monitoring service.

Account Minimums: Our investment advisory programs have account asset minimums that range from \$30,000 to \$100,000. Account minimums are waivable at our discretion. Brokerage accounts do not have minimum asset requirements.

Financial Planning: For an additional fee, your financial professional may also provide financial planning services. Financial planning generally entails the evaluation of your current financial state using variable factors to predict future cash flow, asset values and insurance needs.

Additional Information: More specific information about the services we provide, including the specific investment strategies offered through our Programs, and the fees you pay in connection with the brokerage and advisory services can be found in our Forms ADV Part 2(a), Brokerage Services Disclosure Brochure, Managed Accounts Client Disclosure Brochure - Wrap Fee Program Brochure and Firm Brochure, and Client Information Brochure, available online at <https://www.hilltopsecurities.com/hilltop-securities-inc-disclosures/>.

Conversation Starters

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage 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?

ITEM 3: FEES, COSTS, CONFLICTS, AND STANDARD OF CONDUCT

What fees will I pay?

The fees you will pay depends on whether you choose brokerage services or investment advisory services. 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.

Brokerage Account Fees:

- **Commissions:** We receive a commission each time you buy or sell a security other than a mutual fund. These fees are paid from your brokerage account. Commission levels vary depending on the type of security and other factors.
- **Mark-ups and Mark-downs:** When we buy securities from or sell securities to your account (also known as “principal transactions,” described further in the section below), we profit from that transaction in the amount of a “mark-up” (when we are selling) or a “mark-down” (when we are buying). These amounts represent the difference between the value of the security and the amount by which you buy or sell it to us.
- **Mutual Fund Loads and Contingent Deferred Sales Charges:** These are payments we receive each time you purchase or sell a mutual fund share. Different share classes for mutual funds may come with different load or sales charges. As noted above, we do not receive commissions for mutual fund transactions in your accounts. These payments are deducted from the net value of your investment.
- **Mutual Fund 12b-1 Fees:** Mutual fund companies may pay us certain shareholder servicing and distribution fees (“12b-1 fees”) for our efforts in selling and servicing fund shares. While fees are not paid from your account, they are deducted from the net asset value of the mutual fund and, as a result, such fees decrease the value of your fund shares.
- **Account Maintenance Fee:** A charge for services related to maintaining your account with HTS.

Advisory Fees:

- **Wrap Fee:** A single fee, paid in advance each quarter, for all of the services offered through a specific investment advisory program. The fee amount varies by investment program. Because the asset-based fees associated with the Program will include most transaction costs and fees to the Firm, they are higher than a typical asset-based advisory fee. You typically pay a wrap fee from your account assets, although HTS may permit you to pay from other sources.
- **Fee for Advice:** A fee that you pay for advisory services outside of the Programs. The fee may be an hourly rate, a flat dollar amount paid one time or periodically, or a percentage multiplied by the assets under advisement paid one time or periodically (for example, quarterly).

Other Fees: In addition to those described above, you may be required to pay other fees such as margin interest if you borrow money from the Firm to purchase securities, or fees related to the withdrawal or transfer of cash or securities.

Additional Information: You can find additional information about fees in our **Brokerage Services Disclosure Brochure, Managed Accounts Client Disclosure Brochure - Wrap Fee Program Brochure and Firm Brochure, and Client Information Brochure**, available online at <https://www.hilltopsecurities.com/hilltop-securities-inc-disclosures/>.

Conversation Starter: Help me understand how these fees and costs might 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?

What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your 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:

- **Principal Transactions:** When we recommend that you buy or sell securities, we may be the counter-party that sells you the security or buys it from your account. When that occurs, we have engaged in a “principal transaction.” When principal transactions occur, we have an incentive to sell securities to you at a higher price (and buy them at a lower price) than we could if we sold the securities elsewhere. When principal transactions occur, we will disclose it to you, in writing, on your trade confirmation.
- **Proprietary Products:** We may recommend that you buy a security that we manage, issue or sponsor (i.e. a “proprietary” product). We have an incentive to recommend proprietary products over non-proprietary products because we (or our affiliates) will receive additional compensation or another benefit.
- **Third Party Payments:** In general, we only offer mutual funds that pay 12b-1, shareholder servicing and sub-transfer agent fees. As a result, we have an incentive to offer those mutual funds over securities that do not pay us such fees, and we have an incentive to limit the mutual funds available for purchase to those that agree to pay such fees to us.
- **Revenue Sharing:** When you invest in a product that is managed or sponsored by a third party, we receive a portion of the revenue generated by that product due to an agreement between us and that third party manager or sponsor. As a result, we have an incentive to limit the products available for purchase and only offer those investments whose managers/sponsors agree to pay such revenue to us.
- **Distribution Fees and Credit Interest:** When you open an account, our financial professionals may recommend you “sweep” funds that are not invested into cash products or money market funds. Certain money market funds pay us a distribution fee that increases when more of our clients’ funds are invested in the money market fund. As a result, we have an incentive to recommend only those money market funds that pay us distribution fees over those that do not, although our financial professionals do not share in those fees. In addition, when you select a cash sweep option instead of a money market fund, we are eligible to receive credit interest on that cash investment.

HTS mitigates against these and other conflicts of interest through the administration of a New Products Committee, a Conflicts Committee, a robust supervisory program and periodic review of our products and services.

Additional Information: You will find additional information regarding conflicts in our **Brokerage Services Disclosure Brochure, Managed Accounts Client Disclosure Brochure - Wrap Fee Program Brochure, and Firm Brochure**, available online at <https://www.hilltopsecurities.com/hilltop-securities-inc-disclosures/>.

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

How do your financial professionals make money?

Our financial professionals can make money in different ways, depending on the type of service we provide you. In general, the percentage of revenue paid to your financial professional increases if he or she hits certain revenue thresholds. Additionally, many of our financial professionals receive financial incentives when they join HTS. These incentives can be substantial and take various forms, including, loans, transition bonus payments, reimbursement of client account transfer fees and various forms of compensation to encourage financial professionals to join HTS, and are contingent on the financial professional’s continued affiliation.

Advisory:

- A guaranteed, minimum monthly payment, as required by applicable law and regulation.
- A production payout, if that amount exceeds the minimum monthly payment. Production payouts are generally based upon a percentage of revenue generated by the financial professional’s clients in a given billing cycle. These payments may incentivize the financial professional to recommend the Programs over other investment options with similar characteristics due to their asset-based fees.

Brokerage:

- Commissions for non-mutual fund transactions that occur in your account. Because each transaction in your account generates a commission, we have an incentive to recommend active trading.
- Revenue sharing, based on a percentage of the fee revenue your financial professional generates for the Firm, which includes commissions, loads, contingent deferred sales charges, and distribution fees.

ITEM 4: DISCIPLINARY HISTORY

Do you or your financial professionals have legal or Disciplinary history?

Yes. HTS and certain of our financial professionals have disciplinary history. For the most current records of legal of disciplinary history of HTS and its financial professionals, you should go to <https://www.investor.gov/CRS>, BrokerCheck and Form ADV for a free and simple search tool to research HTS and our financial professionals.

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

ITEM 5: ADDITIONAL INFORMATION

You can find additional information about the services we provide, fees you pay, and conflicts of interest in our **Brokerage Services Disclosure Brochure** and in our **Managed Accounts Client Disclosure Brochure - Wrap Fee Program Brochure and Firm Brochure**. Your financial professional will provide you a copy upon request. Other fees are described in our **Customer Information Brochure**, available online at <https://www.hilltopsecurities.com/hilltop-securities-inc-disclosures/>. You may also call 1-833-4HILLTOP to request up-to-date information and request a copy of this relationship summary.

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