

Regulation Best Interest Disclosure

This guide summarizes important information concerning the scope and terms of the brokerage services we offer 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 disclosure documentation you may receive from us.

As you review this information, we would like to remind you that Hennion & Walsh, Inc. is registered with the U.S. Securities and Exchange Commission (SEC) as a broker-dealer. Hennion & Walsh Asset Management provides investment advisory services and is registered as an investment adviser. The brokerage services provided by Hennion & Walsh, Inc. are the primary focus of this guide. For more information on our investment advisory services and how they differ from brokerage, please review the Customer Relationship Summary (or Form CRS) available at https://www.hennionandwalsh.com/forms_agreements. Our Form CRS contains important information about the types of services we offer, both brokerage and investment advisory, along with general information related to compensation, conflicts of interest, disciplinary action, and other reportable legal information.

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

Brokerage Services	Page 1
Brokerage Service Models and Products	Page 4
Brokerage Fees and Our Compensation	Page 4
Conflicts of Interest	Page 6
Additional Resources	Page 8

Brokerage Services

When you establish a brokerage account with us, you have the ability to buy, sell and hold investments within your account. The primary service we provide is our trading capability. We execute purchases and sales on your behalf, as directed by you. Our broker-dealer 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.

Cash Brokerage and Margin Brokerage Accounts

We provide brokerage services through either a cash brokerage account or margin 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. 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, First Clearing¹. This is generally referred to as a “margin loan”. The portion of the purchase price that is loaned to you is secured by securities in your account, also referred to as “collateral”. You will incur interest costs as a result of your margin activity. While many securities are eligible to be used as collateral for a margin loan, some assets are not available for margin collateral purposes.

Our default brokerage option is a margin-enabled brokerage account. Given that a margin-enabled brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, you will execute a separate margin agreement before engaging in margin brokerage activity which is identified in your account agreement(s) when you open a brokerage account. Included with your margin agreement is a copy of the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us. For more information on our margin brokerage services, contact your financial professional or refer to our Margin Disclosure Statement available online at https://www.hennionandwalsh.com/forms_agreements.

¹ First Clearing is a trade name used by Wells Fargo Clearing Services, LLC.

Brokerage Account Types

We offer many different brokerage account types including individual and joint accounts, custodial accounts, estate and trust accounts, partnership accounts, individual retirement accounts (IRA) and other types of retirement accounts as outlined in our account agreement(s). You should refer to our account agreement(s) for more information concerning available account types or speak with your financial professional.

The U.S. Department of Labor has issued a standard of care rule pertaining to the advice provided to certain retirement investors. When we provide "investment advice," as defined under Title I of ERISA or the Code, to you regarding your retirement plan account, IRA, or ESA, we are fiduciaries within the meaning of ERISA and/or the Code. The way we make money creates some conflicts with your interests, so when we operate as a fiduciary for your retirement account(s) we operate under a special rule, PTE 2020-02, that requires us to act in your best interest and not put our interest ahead of yours. To the extent that communications to you or activities are considered "investment education" or otherwise non-fiduciary under ERISA, we are not a fiduciary in connection with such communications or activities.

Incidental Brokerage Services, Recommendations and Account Monitoring

For your brokerage account, we may make recommendations to buy or sell assets. When we make a securities recommendation, the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you (unless otherwise identified in your account establishment documentation).

It is important for you to understand that when our financial professionals make a brokerage recommendation to you, we are obligated to make a recommendation that 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. You may accept or reject any recommendation.

It is also your responsibility to monitor the investments in your brokerage account by reviewing your account statements and trade confirmations and by establishing and utilizing your online account privileges. We encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. If you prefer on-going monitoring of your account or investments, you should speak with a financial professional about whether an advisory services relationship is more appropriate for you.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your brokerage account. This may include but is not limited to educational resources, sales and marketing materials, portfolio performance information, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you and we are under no obligation to provide this information and service to you. These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your brokerage account. Upon your request, we will review such information and reports with you for no additional fee and may provide you with investment recommendations, but we are not under a specific obligation to do so.

Clearing Services

We have entered into an agreement with First Clearing (also referred to herein as "Clearing Agent") to carry your account and provide certain back office functions. We and First Clearing share responsibilities with respect to your account as set forth in the Designation of Responsibilities that was delivered to you upon opening of your account. Please refer to the Designation of Responsibilities for more information on how such responsibilities have been allocated between us.

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. A higher "risk tolerance", refers to your willingness to accept the risks associated with achieving a higher return. We describe risk tolerances and investment objectives below so that you can select the investment objective and risk tolerance best aligned with your brokerage account goals and needs. Your new account application and your account statement identified the investment objective and risk tolerance you selected. Please note, descriptions and titles may be modified from time to time by our clearing firm to better align with industry standards. Any changes will be noted on your account statement.

Investment goals typically have different time horizons and different income and growth objectives. Generally,

investment goals are on a spectrum, with “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. Risk tolerance also varies and we measure it on a continuum that increases from “Conservative” to “Moderate” to “Aggressive”, and finally “Trading and Speculation”. See below for details.

Generally Associated Risk Tolerance*

Income Investment Objective

Typical Investment Objective Description - Income portfolios emphasize current income with minimal consideration for capital appreciation and usually have less exposure to more volatile growth assets.

- **Conservative** Conservative Income investors generally assume lower risk, but may still experience losses or have lower expected income returns.
- **Moderate** Moderate Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns.
- **Aggressive** Aggressive Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.

Growth and Income Investment Objective

Typical Investment Objective Description - Growth and Income portfolios emphasize a blend of current income and capital appreciation and usually have some exposure to more volatile growth assets.

- **Conservative** Conservative Growth and Income investors generally assume a lower amount of risk, but may still experience losses or have lower expected returns.
- **Moderate** Moderate Growth and Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest returns.
- **Aggressive** Aggressive Growth and Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.

Growth Investment Objective

Typical Investment Objective Description - Growth portfolios emphasize capital appreciation with minimal consideration for current income and usually have significant exposure to more volatile growth assets.

- **Conservative** Conservative Growth investors generally assume a lower amount of risk, but may still experience increased losses or have lower expected growth returns.
- **Moderate** Moderate Growth investors are willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive higher returns.
- **Aggressive** Aggressive Growth investors seek a higher level of returns and are willing to accept a high level of risk that may result in more significant losses.

Trading and Speculation

Trading and Speculation investors seek out a maximum return through a broad range of investment strategies which generally involve a high level of risk, including the potential for unlimited loss of investment capital.

Our recommendations are based in part on your risk tolerance and investment objective as outlined above. We encourage you to carefully consider your investment objective and risk tolerance before investing and to contact your financial professional if there are any changes to your investment objectives or risk tolerance.

* Information taken from version REV32-03/19 of the new account form. The descriptions and definitions in your new account form may differ.

Cash Sweep Program Feature

Our brokerage services include a Cash Sweep Program feature. This 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 otherwise required to satisfy obligations arising in your account. These Cash Sweep Vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or such other sweep arrangements made available to you. To participate in this program you must opt-in when you open your account. You will receive additional information concerning the Cash Sweep Program in your account agreement(s) including the Cash Sweep Program Disclosure Statement. Please review that Disclosure Statement carefully.

Account Minimums and Activity Requirements

There is a \$10,000 minimum initial account balance required to open a brokerage account with us, in limited cases exceptions may apply. 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. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account.

Brokerage Service Models and Products

Hennion & Walsh was founded in 1989 with the goal of becoming the nation’s premier provider of investment services for individual investors. As such, our disciplined, personalized approach has helped thousands of individuals grow their investments. Hennion & Walsh’s heritage is as one of the nation’s leading independent specialists in municipal bonds for individual investors. We also offer a full suite of complimentary products and services. Hennion and Walsh financial professionals can offer recommendations to retail investors and together we focus primarily on income generating products such as investment grade municipal bonds, corporate debt, preferred securities, and certificates of deposit. The firm however is a full-service firm offering a broad suite of investment products including mutual funds, unit investment trusts and closed-end funds. Hennion & Walsh, Inc. also offers retail investors client-directed accounts whereby they can buy and sell securities. Account holders can monitor their accounts on-line or through monthly or quarterly account statements, as applicable to the account.

Brokerage Fees and Our Compensation

It is important to consider that while a brokerage relationship can be a cost-effective way of investing your assets, it is not the only way to manage your finances and other types of financial relationships may provide fee, cost or relationship structures that may be more beneficial for you based on a variety of personal factors, including, for example, timing and other personal factors.

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, Unit Investment Trusts (UITs), annuity contracts, exercising options and other investment purchases and sales. These transaction-based fees are generally referred to as a “commission”, “mark up”, “sales load”, or a “sales charge”. Transaction-Based fees are based on a host of factors, including, but not limited to:

- Underlying product selection
- Your brokerage account type
- Size of your transaction and/or overall value of your account
- Frequency of your trade activity
- Personal services rendered
- Available discounts and/or fee waivers
- Prevailing market of the security
- Market volatility

Account and Service Fees

You will pay fees for various operational services provided to you through your brokerage account. These fees are available for review on our website and from other notifications. The fees are subject to change due to economic conditions. Fees do not apply to all account types and may be waived under certain conditions.

For more information concerning our administrative and service fees you may contact your financial professional or on our website at <https://www.hennionandwalsh.com/>.

How We Are Compensated

We receive direct and indirect compensation in connection with your accounts. Direct compensation is deducted directly from the affected account. Indirect compensation is compensation paid in ways other than directly from the account and may impact the value of the associated investments in your account. The sections below describe the compensation that we receive in connection with various investments that may be available to you. In many cases, the descriptions that follow refer to a prospectus or offering documents.

Debt Securities

For debt securities, including preferred securities and CDs, we may apply a charge (*i.e., markup/markdown*) calculated as a percentage of the amount of your secondary market transaction taking into consideration a variety of factors such as industry standards on charges or the existence of a negotiated rate with your financial professional. Additionally, we may incur gains (or losses) on positions we hold in inventory in response to market movements or other events that impact the value of the securities in our inventory. The price you pay on individual debt security transactions will differ from the price we paid. Markups/markdowns taken on your individual transaction are reflected on your individual trade confirmation as applicable under industry regulations.

Mutual Funds

We currently offer thousands of mutual funds varying in share class structure and investment style. You will pay a sales charge for investing in mutual funds and the amount is governed by and detailed in the fund prospectus and may be impacted by other factors such as purchase amounts and breakpoints, if available. There is no sales charge for no-load funds but you will pay a \$25 service fee on the purchase of the fund. If you invest in mutual funds, we may receive direct and indirect compensation in connection with such mutual fund investments, as described below.

Shareholder Service Fees or 12b-1 Fees

Annual 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 the majority of these fees are below 0.85%. These fees may be passed on to us and may in turn be passed on to your financial professional as a compensation.

Front-End Sales Charge Fees or Contingent Deferred Sales Charges (CDSC)

Front-End sales charge fees may be charged and paid to us, including your financial professional, when you purchase certain share classes of funds. 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 financial professional to discuss your eligibility for sales charge waivers.

A contingent deferred sales charge (CDSC) is a charge you pay upon withdrawal of money from certain share classes of funds prior to the end of the fund's CDSC period. CDSC charges range from 0.00% to 5.50%. CDSC periods can range from zero to seven years. This charge typically exists only on share classes that do not have a front-end sales charge. It is sometimes referred to as the back-end load. CDSCs are not charged when you purchase a fund. The fee charged will depend on the share class purchased by the investor and the length of time the fund is held. A CDSC is not passed on to your financial professional. You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the fund's prospectus. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund.

Annuities

We offer annuities that consist of fixed, index, and variable annuities. Under arrangements with insurance companies, we, including your financial professional, receive commissions from the insurance companies for the sale of annuities, as well as trail commissions, and they are considered indirect compensation. Commissions and trails paid to us vary by product type and may vary by insurance carrier.

Unit Investment Trusts (UITs)

The UITs we offer consist of Equity and Fixed-Income UITs. We, along with your financial professionals, 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 described below and are disclosed via the prospectus issued by the UIT provider. Your financial professional can provide you a copy of the most recent prospectus. The UIT provider deducts fees as compensation from the assets of the trust; these fees may include compensation to our firm. More information regarding these expenses can be found in the UIT prospectus.

UIT recommendations can include a recommendation to invest in a proprietary product or service that is managed, issued, or sponsored by us or our affiliates. The compensation related to a proprietary product may provide us or our affiliate with additional compensation. Thus, we benefit when customers purchase UITs, including our proprietary/affiliated products.

SmartTrust® Unit Investment Trusts are proprietary to Hennion & Walsh, Inc. For additional information, please see <https://www.smarttrustuit.com/>.

Compensation for Termination of Services

Other than any contingent deferred sales charge for the sale of a fund (as described under the Mutual Funds section above, if applicable), IRA termination fees (when applicable), and account transfer fees, the firm would not receive any additional compensation in connection with the termination of its services. If you have questions or need additional information, contact your financial professional.

Brokerage

You will pay transaction-based fees for trades you decide to enter into for stocks, rights, warrants, secondary market closed-end funds and Exchange Traded Products (ETPs). These transaction-based fees are generally referred to as a "commission".

Conflicts of Interest

Conflicts of interest exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest competes with yours. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but we are required to notify you of the presence and, in accordance with our regulatory obligations, establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our financial professionals, our clients and third parties. We offer a broad range of investment services and products and we receive various forms of compensation from our clients, affiliated and non-affiliated product providers and money managers, and other third parties as described above. We are entitled to earn compensation for our services to you as are our financial professionals and affiliates. However, the compensation that we and our financial professionals receive from you may vary based upon the product or service you purchase. The difference in compensation may influence the recommendation of the investment products and services made to you.

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be exhaustive but to generally describe those conflicts that are material to your brokerage relationship. In addition to this disclosure, conflicts of interest are disclosed to you in your account agreement(s) and disclosure documents, our product guides and other information we make available to you.

Compensation We Receive From Clients

Transaction-Based Conflicts

In your brokerage account you pay fees (commissions and sales charges) in connection with the buying and selling of each investment product, including mutual funds, alternative investments, exchange traded funds, equity securities, and bonds. Where these fees apply, the more transactions you enter into, the more compensation that we and your financial professional receive. Under this compensation structure, we financially benefit from transaction-based recommendations rather than hold recommendations. We also financially benefit when clients purchase investment products that carry higher fees, instead of products that carry lower fees or no fees at all.

Markups and Markdowns for Principal Transactions

When you buy or sell fixed income securities in a brokerage account, and in accordance with industry regulations, we may impose a markup (increase) or markdown (decrease) in the price of transactions executed on a principal basis. We receive compensation based upon the difference between the price you pay for securities purchased from us and the price we paid for the security or prevailing market price (markup). Conversely, we may be compensated if there is a difference between the price you sell securities to us and the prevailing market price (markdown). We maintain policies and procedures reasonably designed to comply with applicable industry rules and standards.

Account Maintenance and Other Administrative Fees

For the services we provide or make available to you with respect to your brokerage account, we charge certain service fees and other administrative fees, including account transfer, wire, or other miscellaneous fees, as described in the fee schedule. These fees may be shared with or passed through to our clearing broker, First Clearing. The higher the fees we charge, the more compensation we receive.

Compensation We Receive from Third Parties

Third-Party payments we receive may be based on new sales of investment products. Thus, we benefit when you buy investments. In other cases, these payments are made on an ongoing basis as a percentage of invested assets and we benefit when you buy and hold investments (or continue to invest through a third-party manager or adviser).

The total amount of payments we receive varies from product to product, and varies with respect to the third-party investment management products we recommend. It also varies from the compensation we receive in connection with other products and services we may make available to you, including advisory services. We benefit when you buy investment products and services that generate greater payments to us. This compensation generally represents an expense embedded in the investment products and services that is borne by investors, even where it is not paid by the Product Sponsor and not directly from the investment product or other fees you pay. The types of third-party compensation we receive include:

- **Trail Compensation.** Ongoing compensation from Product Sponsors may be received by us and shared with our financial professionals. This compensation (commonly known as trails, service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product. We benefit when you purchase and hold interests in products that pay us higher trails.

Product Share Classes

Some Product Sponsors offer multiple structures of the same product (*i.e., mutual fund share classes*) with each option having a unique expense structure, and some having lower costs to you as compared to others. We benefit when you buy a product that pays the highest compensation to us.

Compensation Related to Proprietary Products

Brokerage recommendations can include a recommendation to invest in a product or service that is managed, issued or sponsored by us or our affiliates. We and our affiliates will receive additional compensation or economic benefits from investments by you in such products, including, but not limited to, management credits, service fees and similar revenue sharing arrangements. The compensation related to these may be greater than similar products provided by third parties. Thus, we benefit when you invest in proprietary/affiliated products.

Compensation Received by Financial Professionals

Our financial professionals are compensated in a variety of ways, including salary, bonus and compensation based on a percentage of revenue generated from their sale of products and services to clients. Internal campaigns and recognition efforts also motivate financial professionals. Compensation may vary by the product or service associated with a brokerage recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or "trail" payments. Thus, financial professionals are compensated more when you purchase products with higher fees as well as those with on-going payments.

A rollover is a way to move money or property from one eligible retirement plan (Traditional IRA, SEP, SIMPLE, or Roth IRA, Coverdell Education Savings Account (ESA), and Qualified Retirement Plan QRP) to another eligible retirement plan. Your financial professional may recommend that you rollover your Qualified Plan to another retirement account type. There typically are both advantages and disadvantages to such a transfer. For example, the fees charged and product offerings may differ. If you accept the recommendation to rollover your eligible retirement plan to a retirement account at H&W, your financial

professional will earn commissions from trade activity generated in the new account. H&W and your financial professional benefit if you rollover your retirement assets into an IRA at H&W and engage in trading activity. Leaving your assets in a QRP may be a less expensive option. Your QRP plan documents govern that relationship, including the fees that you are charged and the products you are eligible to purchase through it.

Brokerage accounts, unlike advisory accounts, do not feature an on-going fee based on assets under management. Financial professionals receive compensation in the form of on-going revenue when you transition your brokerage services account to an advisory account, regardless of the level of transactions which take place in the account. Further, financial professionals will receive such compensation regardless of whether you have already placed purchases resulting in commissions and/or other transaction-based brokerage fees. We have controls established to identify and mitigate this risk. Financial professionals may be motivated to provide higher levels of service to those clients who generate the most fees.

Other Financial Professional Activities

Financial professionals may be motivated to place trades for themselves ahead of clients in order to receive more favorable prices than their clients. We maintain policies and procedures reasonably designed to help ensure that customer orders receive preferential treatment.

Additional Resources

Form CRS

https://www.hennionandwalsh.com/forms_agreements

Margin Disclosures

https://www.hennionandwalsh.com/forms_agreements

SmartTrust Unit Investment Trust

<https://www.smarttrustuit.com>

New Account Application

https://www.hennionandwalsh.com/forms_agreements