



## **Regulation Best Interest Disclosure Supplement**

### **About Us**

Newbridge Financial, Inc is the parent company of Newbridge Securities Corporation (“Newbridge Securities” or the “Firm”) and Newbridge Financial Services Group, Inc (“Newbridge Financial Services”). Newbridge Securities is registered with the Securities and Exchange Commission (“SEC”) as a Broker-Dealer and is a member of the Financial Industry Regulatory Authority (“FINRA”). You can check Newbridge Securities at <http://brokercheck.finra.org/>. Newbridge Financial Services is a Registered Investment Adviser with the SEC. You can check Newbridge Financial Services at <http://adviserinfo.sec.gov/>

### **About this Document**

This document is meant to provide additional information and disclosures regarding our Firm pursuant to Regulation Best Interest.

### **Capacity in which your Financial Professional is Acting**

Your financial professional will be a Registered Representative of our Broker-Dealer, an Investment Adviser Representative under our affiliated Registered Investment Adviser, or both. You can check for your financial professional at <http://brokercheck.finra.org/> which will allow you to search for your financial professional by name. Their respective profile will show you if they are a broker, investment adviser representative, or both.

In most cases, when making a recommendation to you regarding investments in your brokerage account or directly with an investment sponsor (known as “direct business”) your financial professional is acting in his/her capacity as a registered representative under the broker-dealer. When providing advice or a recommendation regarding investments in a fee-based account, your professional is acting in the capacity of an investment adviser representative. Your account application or agreement will identify which type of account you have. However, there are exceptions. Whenever your financial professional acts in a capacity inconsistent with this guidance, you will receive an updated notice in writing as to the capacity in which they are acting when making a recommendation.

## **Material Limitations**

You should understand there are material limitations to the recommendations your financial professional provides. The Firm approves and offers only certain account types, products, and securities. There may be additional account types, products, and securities that are not offered by the Firm, which may benefit you and your portfolio. In addition, those that we do offer, may be available at a lower cost through another firm.

Additionally, the financial professionals associated with our Firm are licensed to offer certain account types, products, and securities. So, in some cases, even when available through our Firm or an affiliate, your financial professional might not be able to recommend a particular account type, product, and/or security which may benefit you and your portfolio. You can check to see the licenses your financial professional holds, by visiting <http://brokercheck.finra.org/>.

## **Requirements for You to Open or Maintain an Account with Us**

Generally, the Firm requires a minimum investment of \$25,000 to open an advisory account but does not have a minimum amount to open a brokerage account. However, the Firm does make exceptions to this policy on a case-by-case basis. It's also important to note, some products will also require a minimum investment, which can be found on their investment prospectus, offering materials, or similar document.

## **Our Firm's Investment Approach**

The Firm uses its industry knowledge and experience to provide brokerage services to retail clients as well as investment advice, through its affiliated Registered Investment Adviser. The Firm seeks to understand our clients' unique investment profiles and recommends investments and strategies consistent with their unique financial needs. However, the products and services offered by the Firm do vary and the investment philosophy, approach, risk, and objective of these investments will too. You should review the prospectus or similar offering documents thoroughly before making an investment and contact your financial professional should you have additional questions.

## **Retirement Plans and Individual Retirement Accounts**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice),
- Put your financial interests ahead of ours when making recommendations (give loyal advice),
- Avoid misleading statements about conflicts of interest, fees, and investments,
- Follow policies and procedures designed to ensure that we give advice that is in your best interest,
- Charge no more than is reasonable for our services, and
- Give you basic information about conflicts of interest.

For more information about our services, compensation, and additional information about conflict of interest, please see other disclosure sections, Form CRS, and other stand-alone disclosure documents.

While we are required to put your interest ahead of ours (as a fiduciary under the DOL rules for retirement accounts or as a Registered Investment Advisor, or a broker dealer under "best interest" rules) we cannot guarantee that such steps will insure profitability in any account. Please be advised that any investment incurs risk which may result in loss of part or whole of principal.

### **Material Fees, Costs, and Associated Conflicts**

The Firm and its associated professionals receive compensation directly from their customers or indirectly from the investments a customer makes. This compensation takes the form of an upfront commission and/or ongoing compensation, known as trailing compensation. It is important to note that the amount of compensation can change over time. In order to receive specific and the most up-to-date information, customers should review the respective prospectus, offering document, and/or other transaction statements. Customers should discuss with their financial professional if they have any questions regarding compensation and/or conflicts of interest.

#### Sales Compensation

The Firm receives selling compensation when it buys or sells a security. This selling compensation is also referred to as a commission, markup/markdown, placement fee, or sales charge/load. Typically, the Firm receives selling compensation and shares a certain percentage of the selling compensation with your financial professional.

Because the amount of selling compensation charged can vary between different securities and products, this could create an incentive to sell certain investments over others. It could also create an incentive to conduct a higher number of transactions.

## Selling Compensation – Securities and Products:

- **Equity / Exchange Traded Funds (ETF) / Exchange Traded Notes (ETN) / Closed-End Fund (CEF) / Options:** The Firm charges a minimum commission of \$29.95 and the greater of 4.25% or \$50 per transaction on these types of securities, with the exception of options which have a maximum of 5% and an additional \$1 per contract. The Firm is able to waive or reduce this amount depending on the circumstances and often does.
- **Fixed Income and Bonds:** Typically, fixed income securities, such as corporate bonds, municipal bonds, collateralized mortgage obligations (CMO), and other types of fixed income securities are charged a markup or markdown. This means when a customer is seeking to purchase one of these securities it is first purchased by the Firm and placed in a Firm account. The Firm then sells that security to the customer for a higher price and moves the security from the Firm's account into the customer's account. Similarly, when selling one of these securities, the Firm purchases the security from the customer and moves it into a Firm account, the Firm will then sell the security in the marketplace at a higher price. The maximum amount charged in the form of a markup or markdown is typically 3%, but this amount can go higher in certain circumstances that may make the security harder to buy or sell, including a thinly traded security or a low-priced security.
- **Mutual Funds and 529 Plans:** The Firm typically receives a maximum of 5.75% sales load on mutual funds and 529 plans, but this amount can be reduced based on a number of factors, including the amount invested and the share class. The sales load reduces the value of your investment. The Firm also receives trailing compensation on these investments which can vary based on the share class selected.
- **Annuities:** The maximum amount paid for the sale of an annuity is typically 5.5% but can vary based on the type of annuity chosen and share class, when applicable.
- **Alternative Investments:** The Firm typically receives a maximum upfront compensation of 12% for the sale of alternatives investments such as hedge funds, private equity funds, real estate investment trusts (REITs), business development companies (BDCs) and private placements. The Firm may also receive a carried interest up to 15% as compensation paid as a percentage of profits or as a percentage of an increase in investment value when an underlying investment in an investment partnership or vehicle is resold or distributed.
- **Structured Products:** The Firm typically receives upfront commissions as high as 3% for the sale of some structured products.
- **Unit Investment Trusts (“UITs”):** The maximum sales charge for a UIT will range between 1.85% and 2.5%

**Understanding Share Classes.** The amount of upfront selling compensation versus trailing compensation charged on certain products, such as mutual funds, variable annuities, or 529 investments will vary, depending on the share class selected.

For mutual funds, typically, Class A shares will result in a higher upfront sales charge and lower trailing compensation, while the opposite is true for Class C shares. In order to see a complete list of the share classes available for a particular investment and their respective costs, you should review the investment prospectus, offering document, and/or other transaction statement.

### Product Costs and Fees

Financial professionals provide recommendations with respect to a broad range of investment products, including stocks, bonds, ETFs, mutual funds, annuities and alternative investments. Many investment products charge fees and costs that are separate from and in addition to the commissions and fees that the Firm and financial professionals receive. You can learn more about these fees and costs charged by an investment product by reviewing the investment product's prospectus, offering memorandum, or other disclosure documents.

### Account Fees

In addition to the commissions and sales charges described above, customers can also be charged direct fees and charges for miscellaneous account services such as wire transfers, inactivity fees, account transfers (ACAT), error corrections, and account maintenance. These fees are typically charged by the clearing firm where your assets are custodied and some of these fees may be shared with the Firm directly by the clearing firm. These fees typically range between \$6 and \$175. For a complete list of these charges and fees you should review your account agreement and/or fee schedule located on <https://www.newbridgesecurities.com/assets/files/docs/FeeSchedule-Current.pdf> and discuss these charges with your financial professional.

### Registered Representatives Specific Compensation

Registered representatives' compensation packages typically include a percentage of the selling compensation described herein but may also receive salaries and other cash or non-cash compensation and benefits that may or may not be tied to their performance, including, but not limited to the amount of revenues they generate from their customer base. The percentage of revenue the registered representative receives is negotiated with the Firm on a periodic basis depending on a number of factors. Financial professionals can also receive special recruitment incentives such as forgivable loans and bonuses. They can also receive help with operations, including expense reimbursement.

### Additional Compensation from Third Parties

In addition to the commissions and sales compensation described above, the Firm and your financial professional also receives additional compensation from third parties. This additional compensation could create incentive for the Firm to recommend certain investments over others. It's important to note, however, that the amount of compensation can change and vary between security types and product/investment sponsors. To receive the most up-to-date and product specific compensation

information, customers should review the respective prospectus, offering document, and/or other transaction statement.

- **Other Trailing Compensation:** The Firm also receives trailing compensation, including 12b-1 fees, which are paid from certain investment sponsors for mutual funds, annuities, and alternative investments. The amount can vary based on the product and amount invested. For mutual funds, the maximum amount is typically 1%, while annuities and alternative investments can be as high as 2%.
- **Mutual Fund Concessions and Finder's Fees:** The Firm may receive additional compensation known as concessions or finder's fees from a mutual fund company, often in cases where the sales charge is waived based on certain criteria. This amount can vary, but the maximum amount is typically 1% of the transaction. The Firm also receives concessions from investment sponsors for other types of investments. These concessions vary from product to product and are generally shared between the Firm and the financial professional. Concessions can be as high as 0.25% of the transaction amount for new issues of certificates of deposit, municipal bonds and other short-term dated bonds, up to 3% of the transaction amount for structured products, and up to 4% of the transaction amount for Closed-End Funds (CEFs).
- **Network Agreements:** The Firm receives additional compensation based on the total assets invested in a particular investment.
- **Product Onboarding:** The Firm receives onboarding fees or reimbursement for certain expenses associated with product onboarding, including due diligence. These payments can be fixed or a percentage of the total value of an offering.
- **Non-Cash Compensation and Marketing Fees:** The Firm and its employees periodically receive compensation from investment sponsors that is not transaction based. This includes entertainment such as tickets to a sports game, costs associated with dinner, small gifts valued at less than \$100, or marketing fees for workshops, events, and advertising.
- **Securities Lending:** The Firm along with the customer, may receive a loan fee. The customer generally receives a certain percentage of the net loan fee represented by the loan fee received by the clearing firm, after deduction for charges by the clearing firm shared with the Firm, for relending customer securities lent to the clearing firm as part of a securities lending agreement. The amount of compensation received by the Firm will not exceed 27.5% of the loan fee.
- **Margin or Portfolio Line of Credit:** When a customer receives margin or a portfolio line of credit, the Firm will receive a percentage of the interest calculated on the balance lent. This amount is computed by taking the amount of interest charged in excess of the Axos Clearing Base Rate ("ACBR") and depending on the total average daily margin balance computed monthly, the firm can receive between 25% and 100% of this differential. For additional information regarding the use of margin, including your costs, fees, and the risks associated, you should review your margin agreement and feel free to contact your financial professional if you have any questions or concerns.

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- **Insured Deposit Balances/Cash Sweeps Program:** The Firm receives compensation when a cash balance is moved to a particular money fund/account which the Firm generates additional compensation from. This amount is usually not shared with your financial professional and can be as high as .25% per annum on such balances.
- **Payment for Order Flow:** The Firm may receive remuneration for directing orders in securities to particular market centers for execution. The Account Holder understands that this remuneration, known as "payment for order flow," is considered compensation to the Firm.

### **Additional Conflicts of Interests**

***Gifts and Entertainment.*** A conflict of interest may arise when an employee receives or offers a gift, entertainment, or anything of value that creates an incentive for an employee, third party service provider, or a client to act in a certain way.

***Shared Revenues and Payments from Third Parties.*** We receive shared revenue, fees, and/or payments from product sponsors and our clearing firm which could create an incentive to offer or recommend certain activities and investments.

***Proprietary Trading.*** The firm engages in business and trading activities for its own account or client accounts while other clients are active in relevant markets at the same time. We are incentivized to maximize our returns and certain trades could disadvantage the performance in your account.

***Multiple Roles.*** The firm or its affiliates may perform multiple roles with respect to a client or transaction (e.g., advisor, lender, broker, riskless principal counterparty). These roles mean we might be biased regarding the services we recommend as they relate to these roles.

***Acting in Principal Capacities.*** We can earn a profit from buying and selling investments from our own accounts so we may have an incentive to encourage you to trade with us.

***Outside Business Activities.*** When approved, registered representatives may engage in certain outside business activities. This may include, but is not limited to real estate, accounting, insurance, legal, and other professions.

As a result, financial professionals may be incentivized to recommend certain products or services outside the scope of their relationship with the firm and they may benefit financially from these recommendations. In addition, employees may engage in personal trading or outside business activities (including board memberships/directorships) that could conflict with a client or with the firm.

***Political and Charitable Contributions.*** The Firm and/or its employees charitable and/or political donations could create the perception that the company or employee is seeking a quid pro quo.

***Confidentiality.*** The Firm and its employees are periodically exposed to confidential information which may benefit us or a client.

***Supervision Conflicts.*** When a manager is also producing, he/she may be incentivized to spend more time on revenue generating activities than supervision activities.

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**Recommendations to Other Financial Professionals.** Other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be recommended to clients or engaged directly by the client on an as-needed basis. Although not directly compensated for these referrals to outside entities, your financial professional may receive referrals from these professionals, which might incentivize them to recommend a particular professional over another.

**Affiliated Entities.** In addition to the Firm's affiliate Registered Investment Adviser, the Firm is also affiliated with other entities, including fund management and other investment and insurance products and services. The Firm and your financial professional are incentivized to refer you to these affiliates as it generates additional compensation for the Firm and the Firm's financial professionals, directly, or indirectly through the other entities.

## **Understanding Risk**

Our Firm does not provide tax, legal or accounting advice. Accordingly, we encourage each customer to consult their own personal tax, legal and/or accounting advisers to understand the potential consequences associated with a particular investment strategy.

Investing in securities involves risk of loss that customers should be prepared to bear. Different types of investments involve varying degrees of risk and there can be no assurance that any specific investment or investment strategy will be profitable for a customer's investment portfolio. Past performance is not indicative of future results. A customer should not assume that the future performance of any specific investment, investment strategy, or product will be profitable or equal to past or current performance levels. We cannot assure that the investment objectives of any client will be realized. For additional product-specific risks, customers should review the investment product's prospectus, offering memorandum, or other disclosure documents and consider them carefully prior to making an investment decision.

The following is a non-exhaustive list of risks associated with investing:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

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- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, exchange traded investments are highly liquid, while certain alternative investment products, including without limitation, non-traded real estate investment trusts, private partnerships and investments in private companies are not.
- **Financial/Credit Risk:** Excessive borrowing to finance a business' operations increases the risk of achieving profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value of securities.

**Third Party Manager Risk:** Third party portfolio managers typically have full discretion as how to manage the model portfolio based on the objective of the model. Such discretion increases the risk that the third-party manager may mismanage the portfolio and client's assets which may result in losses to the client.