

## CUSTOMER RELATIONSHIP SUMMARY

October 2020

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**Item 1. Introduction**

Center Street Securities, Inc. (“CSS”) and Center Street Advisors, Inc. (“CSA”) (collectively referred to as “Center Street”) are affiliated entities under common ownership and offer brokerage and advisory services respectively. CSS is registered with the Securities and Exchange Commission (SEC) as a broker-dealer and is a member of the Financial Industry Regulatory Authority ([FINRA.org](http://FINRA.org)) and the Securities Investor Protection Corporation ([SIPC.org](http://SIPC.org)). CSA is registered with the SEC as an investment adviser.

This disclosure summarizes the differences between our brokerage and investment advisory services and fees. It is important for you to understand these differences and our conflicts, particularly when you are deciding to open either a brokerage or advisory account with us. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

This Customer Relationship Summary (“Form CRS”) includes information about our services, fees and costs, and conflicts of interest that we are required to provide to you when we recommend that you open either a brokerage or advisory account, or when we recommend that you roll over or transfer assets to a brokerage or advisory account with us. Additional information about the services we may recommend to you in your brokerage account is included in our [Reg BI Disclosure](http://www.centerstreetsecurities.com), available at [www.centerstreetsecurities.com](http://www.centerstreetsecurities.com), and additional information about our investment advisory services and investment strategies is included in our [Form ADV Part 2A](https://adviserinfo.sec.gov/firm/summary/169329), which is available at <https://adviserinfo.sec.gov/firm/summary/169329>.

**Item 2. Relationships and Services****What investment services and advice can you provide me?**

Depending on your needs and your investment objectives, we may assist you with brokerage services, investment advisory services, or both.

**Brokerage Services**

**Description of Brokerage Services and Monitoring.** We offer a full range of brokerage services to retail investors. Our financial professionals recommend securities transactions primarily in alternative investments (such as private placements, non-traded REITs, and BDCs), fixed income securities, mutual funds, insurance products, Unit Investment Trusts (“UITs”), derivative products, municipals, equities and equity options. In addition, we are able to participate in underwriting private offerings as selling group member on a best-efforts basis. This allows us to offer retail investors the opportunity to participate in private placement offerings, typically exempt under Regulation D and Regulation A (These are examples of securities exemptions that allow private companies to raise money without having to go through an initial public offering).

Our engagement with you, and recommendation to purchase, sell or hold, is at the particular point in time that we discuss the recommendation with you.

**Investment Authority in Brokerage Accounts.** You, the retail investor, make the ultimate decision regarding the purchase or sale of investments. Our standard policy is that we do not exercise discretionary authority in brokerage accounts. However, our financial professionals are allowed limited discretion in situations where they are engaging in trading activity based on specific parameters established by the customer. Our standard services do not include ongoing monitoring of accounts through our broker-dealer; however, we offer such ongoing monitoring through our investment advisory services, as described below.

**Brokerage Account Limited Investment Offerings.** While we can advise on any investment asset, our investment recommendations are primarily related to investments in the alternative investment mentioned above, mutual funds, variable insurance products, and UITs. We do not make available or offer advice with respect to proprietary products.

**Account Minimums and Other Requirements.** CSS does not require a minimum account size or investment amount as a condition for starting and/or maintaining a relationship. However, certain private investment offerings do have minimum investment requirements, concentrate limits, or financial sophistication requirements. Please discuss with your financial professional.

**Investment Advisory Services**

**Description of Services and Monitoring.** We provide investment advisory services to retail investors, investment management, financial planning, and consulting. For clients to whom we provide investment management services, we offer both fee plus

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transaction accounts and wrap fee accounts (we do not sponsor any wrap fee accounts), both of which we monitor as part of an ongoing process. We also offer retail investors a selection of third-party money managers to co-advise or sub-advise all or a portion of your assets, and two non-liquid alternative investment strategies to eligible retail investors. As part of our standard services, each IAR reviews their client accounts regularly and meets with clients at their request. Factors that trigger reviews include changes to our investment recommendations, changes in market conditions, and changes to your financial situation and/or investment needs. For clients to whom we provide financial planning or consulting services, we conduct reviews on an “as needed” basis triggered by the client’s request. We may also suggest financial planning reviews when triggered by a change in your financial situation.

**Investment Authority in Advisory Accounts.** CSA offers portfolio management services on both a **discretionary** and **non-discretionary** basis. Discretionary portfolio management allows us, or the third-party money manager, the limited authority to buy and sell investments in your account without asking you each time a transaction is placed. With non-discretionary portfolio management, we provide investment recommendations but require your approval to proceed. You make the ultimate decision regarding the purchase or sale of investments. Our level of authority is determined at the beginning of our relationship with you in our advisory agreement but can be changed upon request.

**Advisory Account Limited Investment Offerings.** While we can advise on any investment asset, our investment recommendations are primarily related to investments in exchange-traded funds (“ETFs”), mutual funds, equities and fixed income.

**Account Minimums and Other Requirements.** As a condition for starting and maintaining a relationship, we generally require a minimum account size of \$50,000, but individual strategies may have their own minimum investment or amount of billable assets, and are described in our [Form ADV Part 2A](#), which is available at <https://adviserinfo.sec.gov/firm/summary/169329>. Accounts below the minimums may be negotiated at our discretion.

**FOR ADDITIONAL INFORMATION** about our investment advisory services, please see our [Form ADV Part 2A](#), which is available at <https://adviserinfo.sec.gov/firm/summary/169329> (with special emphasis on Items 4, 7, and 16), and for additional information about our brokerage services, please see our [Reg BI Disclosure](#), which is available at [www.centerstreetsecurities.com](http://www.centerstreetsecurities.com).

**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 Standards of Conduct****What fees will I pay?**

Center Street’s fees are based on the types of services we provide.

**Brokerage Services**

Generally, for brokerage services you will pay transaction-based fees for each transaction. These will include a commission based on the value of the transaction, or a flat fee per transaction. For some transactions, particularly fixed income securities, the price we obtain includes a markup on purchases or a markdown on sales, charged by the clearing firm. For example, the price you pay will include a markup from the current market price. While we do not benefit from this, it is a cost to you. Commissions will be disclosed in writing on the transaction confirmation. In addition, we participate in private placements, for which CSS is a member of the underwriting group. This means we receive compensation from the issuer for the distribution of the offering. The timing of the compensation we receive will differ by product. The more we trade in your account, the more you will pay in fees, and we therefore have an incentive to encourage you to trade often.

**Other Fees and Costs.** Additional charges you may incur include margin interest, account maintenance fees, ticket charges, termination fees, transfer or liquidation fees, postage and handling fees and legal transfer fees. In addition, some investments, such as mutual funds and variable insurance products, impose additional fees that will reduce the value of your investments over time. Those fees may include mutual fund or insurance sub-account expenses and surrender charges. The

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specific commissions, markups and fees for transactions are contained in the transaction confirmations or product prospectus.

**Investment Advisory Services**

CSA's fees are based on the type(s) of service(s) we provide. For investment management services, we charge an ongoing asset-based fee, in advance, at the end of each quarter. Certain sub-advised portfolio management and/or third-party money management services charge in arrears based on the average daily balance for the applicable period. All fee methodologies are described in our [Form ADV Part 2A](#), which is available at <https://adviserinfo.sec.gov/firm/summary/169329>. The fee is charged as a percentage of your assets that we manage. The more assets there are in your advisory account, the more you will pay in fees, and we therefore have an incentive to encourage you to increase the assets in your account.

For stand-alone financial planning or consulting services, we charge fixed or hourly fees that are mutually agreed upon at the beginning of the engagement. Additionally, certain of our sub-advisory and third-party money management programs offer wrap fee accounts. In a wrap fee account, the asset-based fee will include most transaction costs and fees to a broker-dealer or bank that has custody of these assets, and therefore, are higher than a typical asset-based advisory fee.

**Other Fees and Costs.** Some investments, such as ETFs, mutual funds, and variable insurance products, impose additional fees that will reduce the value of your investments over time. Those fees may include fund expenses and surrender charges. You may also pay other fees to the custodian of your assets. These include, but may not be limited to, brokerage commissions, transaction/execution fees, custodial fees, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. See below, and in the Firm Brochure for additional compensation either CSA or your IAR will earn from your investments with us.

**ADDITIONAL INFORMATION:** With respect to both investment advisory and broker-dealer services, you will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce the amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. More detailed information about our fees and costs are included in our [Form ADV Part 2A](#) (Items 5), available at <https://adviserinfo.sec.gov/firm/summary/169329>, and in our [Reg BI Disclosure](#), which is available at [www.centerstreetsecurities.com](http://www.centerstreetsecurities.com).

**Conversation Starters\***

- *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 act as your investment adviser or provide you with a recommendation as your broker-dealer, 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 investment advice and recommendations we provide you. Here are some examples to help you understand what this means:

Center Street earns additional compensation through:

- (1) through our financial professionals (many of whom who are licensed as investment adviser representatives offering advisory services, registered representatives offering brokerage products, and as insurance agents offering insurance products). Because they are dually licensed they can sell both commission-based securities or insurance products, and fee-based advisory services;
- (2) rebates from third parties for sponsoring certain client events or financial professional training;
- (3) mark-ups on custody and settlement fees charged by our clearing broker-dealer;
- (4) our role in certain private placements or IPOs that we recommend to you;
- (5) mark-ups on platform fees charged by our custodian for certain advisory services; and
- (6) when acting as a solicitor to third party managers, CSA receives compensation from the Managers that CSA refers clients to.

Each item listed here represents an actual or potential conflict of interest, as the recommendation or sale of the underlying investment results in additional compensation to either CSS, CSA, your financial professional, or some combination thereof.

\* Consider asking your financial professional these questions.

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**Conversation Starter\***

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

**ADDITIONAL INFORMATION:** These arrangements and additional information about how we address the conflicts they pose are discussed in more detail in our [Form ADV Part 2A](#) (Items 5, 10, 12 and 14), available at <https://adviserinfo.sec.gov/firm/summary/169329>, and in our [Reg BI Disclosure](#), which is available at [www.centerstreetsecurities.com](http://www.centerstreetsecurities.com).

**How do your financial professionals make money?**

Our financial professionals are primarily compensated through a percentage of advisory fees, commissions, and similar compensation paid to Center Street by the clients of the financial professional. This percentage varies by product and service. It can also vary based on the financial professional's production level, industry experience and tenure with Center Street. As the amount of commissions and fees paid by a client increase or decrease, the compensation paid by Center Street to the client's financial professional increases or decreases. In addition, as described above, several of our financial professionals are dually licensed as investment adviser representatives and registered representatives, and some are also independent insurance agents. When acting in these capacities, they will earn either commissions or advisory fees. Also, certain financial professionals of CSA receive "technology discounts" from third party money managers they refer clients (e.g., the manager will pay for the financial professionals monthly DocuSign fee), thus incentivizing the financial professional to recommend the manager. Furthermore, certain financial professionals negotiate forgivable loans to move their clients from another firm to Center Street. If the financial professional reaches certain production or asset thresholds within a specified time period, the loan is forgiven. This causes a conflict of interest in that the financial professional has an incentive to recommend that their clients move their assets to Center Street. We do not hold sales contests nor do we base bonuses on specific products sales.

Center Street may increase/reduce the rate of compensation it pays to financial professionals when the commissions, fees and similar compensation paid by clients are above/below certain levels. This creates an incentive for financial professionals to charge commissions and fees at or above those levels and a disincentive to reduce commissions and fees below a level that will negatively impact the amount of revenue they produce.

**Item 4. Disciplinary History****Do you or your financial professionals have legal or disciplinary history?**

Yes - We invite you to visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research our Firm and financial professionals.

**Conversation Starters\***

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

**Item 5. Additional Information**

We encourage you to seek additional information about our investment advisory and brokerage services on our website at [www.centerstreetsecurities.com](http://www.centerstreetsecurities.com), on [www.investor.gov](http://www.investor.gov), or on [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Alternatively feel free to contact Center Street toll-free at (888) 690-3580 to speak with us directly and request a copy of this relationship summary.

**Conversation Starters\***

- *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?*

\* Consider asking your financial professional these questions.