

BTS Asset Management is registered with the Securities and Exchange Commission (SEC) as an investment adviser. Investment advisory services and fees differ from brokerage services, and it is important for you to understand these differences. Free and simple tools are available for you to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/crs), which also provides educational materials about broker-dealers, investment advisers, and investing. Please refer to the Form CRS of our affiliated broker-dealer, BTS Securities Corporation, for information regarding their brokerage services.

Q | WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

We consider ourselves to be a *Third Party Asset Manager*. This means we make our investment advisory services available to retail investors that are referred to us by third party investment advisers, broker-dealers and their respective financial professionals ("Referring Financial Professionals"). Our advisory services include portfolio management of a very specific menu of model asset allocation portfolios that invest exclusively in mutual funds, exchange traded funds, individual stocks and variable annuity sub-accounts (where applicable for owners of variable annuities).

Trading Authority. When you open an account with us, you give us authority to make and implement investment decisions at our discretion, i.e. without having to get your approval each time. The scope of our discretionary authority is determined by your portfolio, custodian, and our Client Agreement terms and conditions.

In our *Select* portfolios, we have discretion over what mutual funds and exchange traded funds to buy/sell in your account and when the transactions occur. For other portfolio types (for example if you own certain variable annuities or have your money with a mutual fund company already) we are limited to deciding when to make allocation changes to your account using funds you authorize in advance.

Monitoring. As a standard service, we monitor our active tactical asset allocation portfolios on a daily basis. As a standard service for our more passive portfolios, we analyze underlying holdings on a quarterly or seasonal basis and rebalance or reallocate according to the portfolio strategy. All accounts, regardless of the portfolio, are

monitored at least periodically to ensure compliance with the portfolio investment strategy. For this review, our staff uses different manual and automated testing tools to confirm that accounts are allocated in accordance with the current allocation instructions and stated investment strategy of the applicable portfolio.

Limited Investment Offerings. We do not offer specifically tailored or personalized investment advice that falls outside the scope of our model asset allocation portfolios. We can accept certain requirements or restrictions that you note on your account, but only if they don't interfere with our ability to implement the portfolio strategy. For example, we can't purchase individual public company stocks or bonds on your behalf.

Account Minimums and Other Requirements. Each of our portfolios has different account opening and maintenance minimums, starting at \$25,000. As a Third Party Manager, we also require that you maintain an authorized Referring Financial Professional of record on your account at all times.

For additional information about our services and account minimums, refer to Items 4, 7, 13, 14 and 16 in our [Form ADV, Part 2A](#).

Conversation Starters: Ask your financial professional, "Given my financial situation, should I choose an investment advisory service? 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?"

Q | WHAT FEES WILL I PAY?

Principal fees and costs. We charge upfront annual asset-based fees (a percentage of all assets in your account), payable either quarterly or annually, depending upon the terms of your Client Agreement. We pay part of this fee (amount determined by your Client Agreement) to your Referring Financial Professional on an ongoing basis for the life of your account. We will prorate fees based on the length of time we managed your account in the event you opened or terminated your account during a billing period. The more assets there are in your account, the more you will pay in fees, and we, therefore, have an incentive to encourage you to increase the assets in your account and to make riskier investments to increase performance. Ongoing fees will reduce the value of your portfolio over time. Because of the fees you pay, you will have a smaller

amount invested that is earning a return when debited from your account. We encourage you to discuss the impact of fees with your financial professional.

Other fees and costs. In addition to, and separate from, investment advisory fees, you typically will pay other costs and charges in connection with your account or securities transactions, most of which are payable to parties other than us or our affiliates. Common examples include commissions and charges for executing trades through broker-dealers, dealer mark-ups, mark-downs and spreads, exchange fees, taxes, fees imposed in connection with your custodian and other account service fees, like termination fees. When we invest in shares of unaffiliated mutual funds (mutual funds not advised by us), you are subject to account level advisory fees in addition to mutual

fund or exchange traded fund internal advisory fees and expenses, such as redemption fees. Exchange traded funds can trade at prices that vary from their net asset value, sometimes significantly. *When we invest in shares of affiliated mutual funds advised by us (the BTS Funds), 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.***

are subject to our internal advisory fees and expenses and the BTS Funds management fees and expenses; however, so that you do not pay us two management fees, we offset the account level advisory fee in proportion to the amount of your account assets invested in the BTS Funds.

For additional information about fees and compensation, please refer to Item 5 in our [Form ADV, Part 2A](#), your BTS Client Agreement, or mutual fund and sub-account prospectuses.

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?”*

Q | WHAT ARE YOUR LEGAL OBLIGATIONS TO ME 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, we have to act in your best interests and not place our own 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 we provide you. Here are some examples to help you understand what this means:

- In addition to portfolios managed for clients not affiliated with us, we also sponsor and act as investment adviser for various proprietary mutual funds (BTS Funds) in which we earn a separate investment management fee. The BTS Funds are included in some portfolios we offer you. To manage this conflict (double management fees), we offset your management fee that you pay directly to us in proportion to the amount your portfolio is allocated to the BTS Funds. We do this so you don't pay us two management fees.
- Because we earn asset-based fees, we earn more money on larger accounts, giving us incentive to recommend increasing the size of your portfolio.
- Other conflicts of interest result from other business activities we engage in and relationships we have with both our third party affiliates and unaffiliated third parties. For example, our primary qualified custodian, Axos Advisor Services, makes products and services available to us (*technology that helps us manage and administer accounts that use Axos Advisor Services*) that does not directly benefit you or your account. Other examples include conflicts presented by referring Financial Professionals that refer clients to us for compensation, as well as unaffiliated third parties that may be incentivized to refer clients to us because we provide support in the form of payments and reimbursements related to their marketing and sales expenses.

For additional information about our conflicts of interest, please see Items 4, 5, 6, 10, 11, 12 and 14 in our [Form ADV, Part 2A](#).

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

Q | HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?

Our financial professionals responsible for portfolio management are paid a fixed base salary, discretionary bonuses tied to the overall profitability of the firm, and a share of our firm's profits. These professionals are, therefore, incentivized to select riskier investments as a means of increasing our profits, and in turn, their compensation. Financial professionals acting in a sales capacity receive a fixed base salary, discretionary bonuses tied to firm profitability, and sales based compensation, which varies across the products and services sold. These professionals are, therefore, incentivized to favor and promote products they believe contribute most to the firm's profits or that offer them the most favorable product based compensation terms.

Q | DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

Yes, our firm and financial professionals have legal or disciplinary history that we are required to disclose. *You can visit Investor.gov/CRS for a free and simple search tool to research us or our investment professionals.*

Conversation Starter: *“Do you have any disciplinary history? For what type of conduct?”*

ADDITIONAL INFORMATION

If you have any questions, would like up-to-date information about our investment advisory services, or if you wish to request a copy of our Relationship Summary, please contact us at info@btsmanagement.com or 1-800-343-3040. You may also refer to our website, www.btsmanagement.com.

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?”*

BTS Securities Corporation is registered with the Securities and Exchange Commission (“SEC”) as a broker-dealer. Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing. Please refer to the Form CRS of our affiliated investment adviser, BTS Asset Management, Inc. for information regarding investment advisory services.

Q | WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

BTS Securities Corporation offers brokerage services to retail investors. These services include selling mutual funds, private placements and recommending investments and account types to retail investors. We do not provide ongoing monitoring of your account after the sale of a mutual fund or private placement; however, our financial professionals may voluntarily review your account on a periodic basis for purposes of providing buy, sell or hold recommendations. All recommendations regarding your commission account will be made in a broker dealer capacity. When we make a recommendation to you, we will expressly tell you orally which account we are discussing.

We offer limited services, which include the sale of third party products and services, including managed accounts, mutual funds sponsored and managed by unaffiliated sponsors, as well as our investment adviser affiliate, BTS Asset Management, and private placements. More extensive services are offered by other broker-dealers. We do not have investment minimums, but certain mutual funds have their own investment minimums, as outlined in their prospectuses.

For additional information, please review our “Form CRS and Regulation Best Interest Supplemental Broker Dealer Disclosure Brochure,” which is available at [www.btsmanagement.com/pdf/BTS Securities Form CRS Supplement.pdf](https://www.btsmanagement.com/pdf/BTS_Securities_Form_CRS_Supplement.pdf).

Conversation Starters: Here are some questions you can use to start a conversation with your financial professional: “Given my financial situation, should I choose a brokerage service? 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?”

Q | WHAT FEES WILL I PAY?

Principal fees and costs. You will pay a commission for purchasing or selling a security, which is a transaction-based fee. The amount of the commission is typically a percentage of the amount of money you invest. Depending on the product purchased, the commission will be charged as a one-time fee, either at the time of purchase or sale, and/or will be charged on an ongoing basis. When you buy or sell your securities, you will be charged more when there are more trades in your account, and, therefore, there is an incentive to encourage you to trade more frequently.

Other fees and costs. You will also typically pay other fees depending on your account type; these fees include custodian fees, account maintenance fees, transactional fees, and other ancillary fees, referenced in our “Form CRS and Regulation Best Interest Supplemental Broker Dealer Disclosure Brochure.” In addition, there are different fees related to different products, such as mutual funds. Please refer to the prospectus for other details.

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.

For additional information, please review our “Form CRS and Regulation Best Interest Supplemental Broker Dealer Disclosure Brochure,” which is available at [www.btsmanagement.com/pdf/BTS Securities Form CRS Supplement.pdf](https://www.btsmanagement.com/pdf/BTS_Securities_Form_CRS_Supplement.pdf).

Conversation Starters: Here are some questions you can use to start a conversation with your financial professional: “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?”

Q | WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN PROVIDING RECOMMENDATIONS? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?

When provide you with a recommendation, we have to act in your best interests and not place our own 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 we provide you. Here are some examples to help you understand what this means:

- Revenue sharing – some sponsors, including our investment adviser affiliate, BTS Asset

Management, or managers of third party investments, share a portion of the revenue they earn on those investments with us. This creates an incentive to recommend a particular sponsor or manager.

- We are incentivized to recommend securities that pay the highest commission, including products of our affiliated investment adviser.
- Third Party Payments

For additional information, please review our “Form CRS and Regulation Best Interest Supplemental Broker Dealer Disclosure Brochure,” which is available at www.btsmanagement.com/pdf/BTS_Securities_Form_CRS_Supplement.pdf.

Conversation Starters: Here is a question you can use to start a conversation with your financial professional:
“How might your conflicts of interest affect me, and how will you address them?”

Q | HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?

Our financial professionals receive commissions for products purchased or sold, and this commission will vary based on the type of product, and the amount of your assets. Certain financial professionals will also receive cash or non-cash compensation, such as merchandise, gifts, technology, travel expenses, and lodging, directly from product providers and sponsors as further detailed in our “Form CRS and Regulation Best Interest Supplemental Broker Dealer Disclosure Brochure.”

Some products pay a higher commission than others; therefore, your financial professional has a conflict of interest to recommend a product that pays higher compensation. Financial professionals who receive cash or non-cash compensation have an incentive to sell more of that sponsor or manager’s products.

Q | DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

Yes, our firm and financial professionals have legal or disciplinary history that we are required to disclose. *You can visit Investor.gov/CRS for a free and simple search tool to research us or our investment professionals.*

For additional information, please review our “Form CRS and Regulation Best Interest Supplemental Broker Dealer Disclosure Brochure,” which is available at www.btsmanagement.com/pdf/BTS_Securities_Form_CRS_Supplement.pdf.

Conversation Starters: Here is a question you can use to start a conversation with your financial professional:
“As a financial professional, do you have any disciplinary history? For what type of conduct?”

ADDITIONAL INFORMATION

If you have any questions, would like up-to-date information, or if you wish to request a copy of our Relationship Summary, please call 1-800-343-3040.

For additional information, please review our “Form CRS and Regulation Best Interest Supplemental Broker Dealer Disclosure Brochure,” which is available at www.btsmanagement.com/pdf/BTS_Securities_Form_CRS_Supplement.pdf.

Conversation Starters: Here are some questions you can use to start a conversation with your financial professional:
“Who is my primary contact person? Is he or she a representative of an investment adviser or broker-dealer?
Who can I talk to if I have concerns about how this person is treating me?”