

MARGIN DISCLOSURE

SagePoint Financial, Inc. is furnishing this document to you to provide some basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account, you should carefully review the margin agreement provided by your registered representative. Consult your registered representative regarding any questions or concern you may have with your margin accounts.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from SagePoint Financial's clearing firm, Pershing LLC (the "lender"). If you choose to borrow funds, you will open a margin account. The securities purchased are collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, action may be taken, such as the issuance of a margin call and/or the sale of securities or other assets in any of your accounts held with SagePoint Financial in order to maintain the required equity in the account.

Pursuant to your margin agreement and as permitted by law, margin securities in your account may be used for, among other things, settling short sales and lending of securities for short sales. As a result, SagePoint Financial together with its clearing firm, Pershing LLC, may receive compensation in connection therewith. Neither Pershing LLC nor SagePoint Financial lend fully-paid for securities without your written permission.

It is important that you fully understand the risks involved in trading securities on margin: These risks include the following:

- **You can lose more funds that you deposit in the margin account.** A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities or assets in your account(s).
- **You can be forced to sell securities or other assets in your account(s).** If the equity in your account falls below the maintenance margin requirements or the lender's higher "house" requirements, the firm can sell the securities or other assets in any of your accounts to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.
- **Your securities or other assets can be sold without contacting you.** Some investors mistakenly believe that they must be contacted for a margin call to be valid, and that the firm cannot liquidate securities or other assets in their account to meet the call unless the firm has contacted them first. This is not the case. Most firms will attempt to notify customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling securities without notice to the customer.
- **You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.** Because the securities are collateral for the margin loan, the firm has the right to decide which security to sell in order to protect its interests.
- **The lender can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice.** These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may result in the liquidation or sale of securities in your account(s).
- **You are not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.