

## Conflicts of Interest Disclosure

Like all other Broker/Dealers, Investment Research Corporation (“IRC”) has some conflicts of interest. This document addresses some of the conflicts that you may encounter (depending on what type of account you have and what types of security products are in those accounts, what services are rendered, et al.) Thusly, not all conflicts discussed in this document will apply to your circumstances. If you have any questions, please feel free to contact us at 888-742-0631.

Investment Research Corporation and its Registered Advisors are either compensated directly by customers, or indirectly from the investments made by customers. We can get paid an upfront commission at the time of the transaction, and/or ongoing compensation, typically called a trail payment, depending on how long a customer holds an investment. If we are paid an upfront commission, it means that the more transactions a customer makes, the more we are paid. The amount we receive varies depending on the particular type of investment a customer makes. The compensation described in this document represents the maximum gain or profit we receive on an investment, before subtraction of any expenses.

Perhaps the most common conflict of interest revolves around **Commissions and Sales Charges**. IRC receives upfront commissions when it executes transactions that result in the purchase or sale of a security. A commission, which also may be called a “sales load” or “sales charge”, is typically paid upfront, can reduce the amount available to invest, can be charged directly against an investment and is often based on the amount of assets invested. IRC receives a portion of the sales charge or commission and then distributes the remaining portion to your Registered Advisor (unless you have a house account). Commissions vary from product to product. Although Registered Advisors are not allowed to factor in how much they will, or will not make, on your purchases or sales, it may still create an incentive to sell a higher commission security rather than a lower commission security. For more information about the commissions that apply to a particular transaction, please refer to the applicable prospectus or other offering document and/or transaction statement. Typically, you would see a maximum sales charge on a mutual fund or 529 plan of 5.75% although it may be higher. Annuities vary between the type of annuity but typically are about 5.5%. Alternative investments like REITS may have a sales charge up to 5.5%. For more information regarding sales charges please contact your registered advisor or IRC at 888-742-0631.

As an example, certain mutual fund share classes, often referred to as Class A shares, pay an upfront sales charge and an ongoing trail. For other mutual fund share classes, often titled Class C shares, there is no upfront sale charge paid, however, there is an ongoing trail payment and a contingent deferred sales charge to the investor if there is a redemption within a certain period of time after purchase. Depending on the length of the holding period for the mutual fund or 529, and other factors, one share class may be less expensive to the investor than another, and IRC and their Registered Advisors may earn more or less in compensation for one share class than another. We strongly recommend reviewing your share class options thoroughly and asking questions so that you have a full understanding regarding share class selection before making any mutual fund or 529 plan purchase with your financial and tax advisors.

Additionally, although not a conflict of interest, sometimes you may incur Direct Fees or Charges on your account. Different types of accounts can be charged different fees directly to your account. Fees you may encounter include fees to process a transaction, transfer an account or to maintain your retirement account. For more information regarding direct fees and charges, please contact your registered advisor or IRC at 888-742-0631.

Linked closely to Commissions and Sales Charges is **Ongoing Compensation** which also is a potential conflict of interest. Again, Registered Advisors are not allowed to factor in how much they will, or will not make, on your purchases or sales, nevertheless, this item could theoretically influence sales as it provides ongoing revenue to both IRC and your Registered Advisor (if you have one). IRC receives trail fees or 12b-1 fees which are typically paid from the assets of the investment under a distribution or servicing arrangement with the investment sponsor, is calculated as an annual percentage of invested assets, and is shared between IRC and your Registered Advisor.

Information on these fees can be found in the documents provided to you such as prospectuses. Mutual Funds and 529 Plans ongoing compensation vary between classes but typically range from 0.25% to 1%. Trail commission from a variable annuity issuer depends on the agreement between IRC and the issuer, as well as the type of policy purchased. The maximum trailing commission for annuities is typically 1.5%. Alternative investment products typically change annual fees of up to 2%.

There are **Other Fees and Compensation** that could create a conflict of interest:

If you have a Corestone account, similar to Direct Fees and Charges discussed above, you may incur annual and other fees as discussed in the application disclosure. However, IRC may receive a nominal fee of about \$2.50 a month per account. Although this perhaps is a minimal fee, it nevertheless could represent a conflict of interest.

If a customer holds an account with IRC, IRC offers a service to sweep cash held within accounts into an interest-bearing FDIC insured cash account ("ICA") or money market funds. For ICA, under its agreement with the bank in which IRC deposits customer cash, IRC receives a fee from the banks equal to a percentage of the average daily deposit balance in the ICA.

IRC, IRC Associates and Registered Advisors may receive non-cash compensation that is not in connection with any particular customer. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, workshops or events, or marketing or advertising initiatives. IRC Associates and Registered Advisors are not allowed to participate in sales contests that promote any specific product or product type.

IRC provides underwriting and distribution services to a mutual fund family, American Growth Fund, Inc. As compensation for these services, IRC receives fees which are detailed in the Fund's Shareholder Reports. These reports are available on the Fund's website, [www.americangrowthfund.com](http://www.americangrowthfund.com) or by calling 800-525-2406.

IRC offers customers the ability to purchase securities on credit, also known as Margin Purchases. When a customer purchases securities on margin, IRC extends a line of credit to the customer and charges interest on the margin balance. IRC has a financial incentive to encourage margin borrowing because IRC and Registered Advisors earn compensation in the form of interest, transaction charges and other fees on investments made with borrowed amounts. That financial incentive creates a conflict of interest insofar as IRC and its Registered Advisors benefit from your decision to borrow and incur the various fees and interest described above. If contemplating use of margin, please consult the Margin Agreement and related disclosures for additional details.

If a customer holds an account at IRC, in the event a trade error occurs in the account, and such error is determined to be caused by IRC, IRC will cancel the trade and remove the resulting monetary loss to a customer from the account. If a trade correction is required as a result of a customer (e.g., if a customer does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), IRC will cancel the trade and any resulting monetary loss will be borne by the customer. In the case of a trade that requires a correction as described above and that resulted in a monetary gain to the customer, such gain may be removed from the account and may result in a financial benefit to IRC.

If a customer decides to roll assets out of a retirement plan, such as a 401 (k) plan, into an individual retirement account ("IRA") at IRC, we have a financial incentive to recommend that a customer invests those assets with IRC, because we will be paid on those assets, for example, through commissions, fees and/or third party payments. A customer should be aware that such fees and commissions may be higher than those the customer pays through the plan. There can be custodial and other maintenance fees as well. As securities held in a retirement plan are generally not transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

If IRC offers a Registered Advisors a percentage commission scale it may present an incentive to the Registered Advisor to sell more securities. There are no incentives offered to sell any type of security, to sell any particular product or to sell any company's product. IRC does not have a preferred list of products to sell. Nevertheless, a commission scale may create a conflict of interest.

IRC is affiliated with a Registered Investment Advisor and some Registered Advisors are also Investment Advisor Advisors. There are distinct differences that your Registered Advisor/Investment Advisor Advisor are required to disclose to you when choosing between a Brokerage and Advisory account as well as differences in the level of service and fees charged between the two types of accounts. Please take time to understand these differences and ask any questions you have so that you may have a full understanding of these account types prior to signing account paperwork.

As with all Broker/Dealers, IRC and its Registered Advisors can only sell products with whom they have written agreements to do so. Other Broker/Dealers may offer products that IRC does not, which may be at a higher or lower cost to the account holder. Likewise products may also be offered at different rates between IRC and its affiliated Registered Investment Advisor. Likewise the term Registered Advisor is a term used to describe two types of licensed advisors. Series Six licenses allow advisors to sell items such as mutual funds and variable annuities, whereas Series Seven licensed advisors can also sell items such as individual stocks and REITs.

Investment Research Corporation is a registered Broker/Dealer with FINRA. IRC is registered to transact business as a: Broker or dealer retailing corporate equity securities over-the-counter, Underwriter or selling group participant (corporate securities other than mutual funds), Mutual fund underwriter or sponsor, Mutual fund retailer, Municipal securities broker, Broker or dealer selling variable life insurance or annuities, Put and call broker or dealer or option writer, and Private placement of securities.

<https://www.investor.gov/CRS> contains information regarding what license(s) your advisor holds (along with other important information).

If you have any questions regarding this disclosure document, we encourage you to contact your Registered Advisor or alternately the home office at 888-742-0631.