

**SMH CAPITAL INVESTMENTS LLC**  
**Form CRS- Customer Relationship Summary**  
**August 29, 2023**

Item 1. Introduction

SMH Capital Investments, LLC (referred to as “we”, “us”, or “SMHCI”) is registered with the US Securities and Exchange Commission (SEC) as a broker-dealer. Additionally, we are a member of the Financial Industry Authority, Inc. (FINRA) and the Securities Investor Protection Corporation (SIPC). SMHCI also has an affiliated SEC registered investment adviser, SMH Capital Advisors (“SMHCA”) which is under common ownership and control with SMHCI. This relationship summary explains the various services SMHCI offers, how we charge for those services, and conflicts of interest that exist when we provide our services. A separate summary is available for SMHCA that describes our advisory services.

Brokerage and investment advisory services and fees differ. It is important that retail investors understand the differences which are summarized here and further explained in SMHCI’s referenced filings and disclosure materials. In addition, free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing. You should carefully consider which types of accounts and service are right for you.

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

We offer brokerage services where we provide recommendations to you to buy, sell, or hold specific investments, but you must provide approval for each trade. You, not your financial professional, make the final investment decisions for your account.

If you plan to follow a buy-and-hold strategy without ongoing advice from a financial professional and you prefer to pay for each transaction, a brokerage account may be the right choice for you. If you want ongoing investment advice, speak to your representative about whether advisory services may be appropriate for you.

We offer full-service brokerage accounts with a wide variety of investments such as stocks, bonds, mutual funds, and exchange traded funds. We also offer proprietary mutual funds for which our affiliated advisor will also be paid an advisory fee. Such proprietary products create a conflict of interest.

We must act in your best interest and not place our interests ahead of yours when we recommend an investment or an investment strategy involving securities. When we provide any service to you, we must treat you fairly and comply with a number of specific obligations. Unless we agree otherwise, we are not required to monitor your portfolio or investments on an ongoing basis. We do not have a minimum account size to maintain a brokerage account.

**Additional information.** Please see Regulation Best Interest, as applicable. Also see your New Account Agreement with SMHCI.

**Conversation Starters:** 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?

Item 3. Fees, Costs, Conflicts, and Standards of Conduct

What fees will I pay?

For brokerage services, we charge a transaction-based fee (sometimes referred to as a commission) every time you buy or sell an investment. The amount you pay as a transaction-based fee varies according to the particular investment and the amount invested. The more trades you make, the more transaction-based fees we earn. This creates an incentive to encourage you to trade often.

For investments in stocks or ETFs, the transaction-based fee is usually charged as a separate commission that is added to the principal amount of the transaction. For investments in bonds, this fee is typically included as part of the price you pay or receive for the investment (called a markup or markdown.)

For investments in certain products like mutual funds, annuities, and alternative investments, we receive transaction-based fees from the investment product sponsor in the form of asset-based fees (e.g. sales loads). These fees are based on the amount invested in a product and, depending on the product, may be based on how long you hold the investment. Our receipt of asset-based sales loads creates an incentive to recommend products or sponsors that include such charges.

**Additional Information.** 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. Please see Regulation Best Interest, as applicable.

**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?

#### 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 we provide you with a recommendation, 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 recommendations we provide you. Here are some examples to help you understand what this means.

We receive compensation from third parties related to investments you make in certain products, including mutual funds, ETFs, annuities, alternative investments, and other investments. This compensation includes ongoing distribution charges (e.g. 12b-1 fees or trail payments), which an investment product charges you and then pays to us. We also receive various benefits from our relationship with our clearing and custodial firm, Wells Fargo Clearing Services LLC a/k/a First Clearing. Some examples include revenues from uninvested cash balances you authorize us to move into money market funds; we may earn a portion of the margin interest earned on a margin account; or a portion of the brokerage account services and custodial fees that exceed the amount we are charged for these services. We also offer mutual funds advised by our affiliate, SMHCA. For such sales, we may receive commissions and ongoing distribution charges, as well as our affiliate earning an advisory fee on the product. Such compensation creates an incentive to recommend proprietary products.

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

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

SMHCI compensates its registered representatives with a salary. Our representatives may also earn a quarterly bonus based on bringing in new accounts, but such compensation is not tied to the size of the account. Our representatives do not earn a portion of the commissions paid to us and are not compensated based on the amount of client assets they service, the time and complexity required to meet a client's needs, the product sold, product sales commissions, or revenue the firm earns from the financial professional's recommendations.

Your financial professional is legally required to act in your best interest and not put his or her interest above your own. We have attempted to mitigate the conflicts caused by compensation by paying our representatives a salary rather than paying representatives a portion of the commissions charged on transactions.

#### Item 4. Disciplinary History

##### Do you or your financial professionals have legal or disciplinary history?

Yes. Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

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

#### Item 5. Additional Information

**For additional information about our services, please visit [www.smhci.com](http://www.smhci.com).** If you would like additional, up-to-date information or a copy of this disclosure, please call 817-569-7000.

**Conversation Starter.** 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?

## SUMMARY OF MATERIAL CHANGES TO FORM CRS

On August 29, 2023, SMHCI updated its Form CRS to update the link to [investor.gov/crs](https://investor.gov/crs) and to properly reference [www.smhci.com](https://www.smhci.com) rather than [www.smhca.com](https://www.smhca.com).

On June 1, 2023, SMHCI updated its original Form CRS dated June 30, 2020, to make the following changes:

- Item number headings were added for clarity.
- Additional clarity was added around what type of account may be appropriate for an investor depending on whether they want to implement a buy and hold strategy or have ongoing investment advice.
- A conversation starter was added under Item 3 “How might your conflicts of interest affect me, and how will you address them?”
- A conversation starter was added under Item 4. “As a financial professional, do you have any disciplinary history? For what type of conduct?”

All other changes were related to formatting in order to meet the 2 page maximum requirement.