



FMN Capital Corporation Client Relationship Summary Disclosure – Form CRS

Effective December 30, 2021

Item 1. Introduction

FMN Capital Corporation (“we”, “us” or “FMN Capital Corporation”) is registered as a broker-dealer with FINRA and Financial Management Network, Inc. is registered as an investment adviser with the Securities and Exchange Commission (“SEC”). These are affiliated entities.

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 and fund either a brokerage or advisory account with us. Free and simple tools are available for you to research firms at the SEC’s investor education website, Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing. You can find additional information about us and our financial advisors on the Financial Industry Regulatory Authority’s (FINRA) website located at www.finra.org/brokercheck.

This disclosure is provided to comply with the SEC’s Form CRS and Regulation Best Interest disclosure requirements. It does not create or modify any agreement, relationship, or obligation between you and FMN Capital Corporation or its financial advisors. Please consult your brokerage agreements with FMN Capital Corporation and/or your advisory agreement with Financial Management Network, Inc. for all terms and conditions controlling your account and relationship with us. Additional information is available on our website at www.fmnc.com.

This disclosure 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 and fund 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 securities we may recommend to you in your brokerage account is included in our Regulation Best Interest Brokerage Disclosure and our Advisory Disclosure Documents which are available on our website at www.fmnc.com.

PLEASE RETAIN A COPY OF THIS DOCUMENT FOR YOUR RECORDS

Investment and insurance products offered through FMN Capital Corporation are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.

Item 2. Relationships and Services

- A. What investment services and advice can you provide me?
- B. Description of Services

Depending on your needs and your investment objectives, FMN Capital Corporation may assist you with brokerage services, Financial Management Network, Inc. with your investment advisory services, or with our affiliated entities we may assist you with both.

Our Investment Offerings

In both our brokerage services and investment advisory services, we offer and recommend a range of investments including but not limited to: mutual funds, stocks, bonds, exchange-traded funds (ETFs), fixed income securities, certificates of deposit (CDs), unit investment trusts (UITs), variable annuities, and variable life insurance, as well as investments from unaffiliated third-parties, private placements and alternative investments. We do not offer all products available, just the ones we have selling agreements with. This means our mutual fund, variable annuities and variable life products are limited to those with selling agreements. We do not limit our investment offerings or recommendations to proprietary products, specific asset classes, or to those with third-party compensation arrangements, though we expect to receive compensation from third-parties in connection with most of the investments we offer, including, in particular, mutual funds, variable annuities, and cash sweep options.

Brokerage Services

Our brokerage services include buying and selling securities (e.g., mutual funds, stocks, and bonds) at your direction. From time to time, or when you request, we also provide you with investment recommendations, research, financial tools, and investor education. Unless we’re providing you with investment advice for a fee under an investment advisory agreement, investment recommendations we make to you, including recommendations to open or transfer assets to a brokerage account, we will be acting in our capacity as a broker-dealer. When making such a recommendation to you, we do not have a fiduciary obligation to you but we must act in your best interests at the time we make the recommendation without placing our financial or other interests ahead of yours.

Limits on Monitoring and Investment Discretion

We do not exercise discretionary investment authority in your brokerage account (i.e., make decisions to buy or sell your investments

without your direction) or monitor your brokerage account investments for you. This means that you are responsible for reviewing your account and investments to make sure your investment mix is appropriate for you and for deciding whether to follow our investment recommendations.

No Account Minimums

You do not need to have a minimum amount to invest to open a brokerage account with us, but some of the investments you may purchase through us have minimum investment requirements. For more information regarding minimum investment requirements, please refer to the prospectus or offering documents for your investment. More information about our brokerage services is included in our Brokerage Disclosure Document which is available at www.fmnc.com.

Investment Advisory Services

Our investment advisory services include managing and allocating client assets among investments available on our advisory platforms, managed portfolios from third-party managers, and financial planning services. When we provide you with investment advice for a fee under an investment advisory agreement, including advising you to open or transfer assets to an advisory account, we will be acting in our capacity as an investment adviser. As an investment adviser, we have certain fiduciary obligations to you.

Investment Discretion

Depending on the program and services you select, we will provide you with investment recommendations and you will make the ultimate decision regarding your investments (“non-discretionary advice”), or we will make investment decisions for you without your input (“discretionary advice”). You may also hire a third-party manager to provide discretionary advice to you through our programs, or we can choose one for you. The terms and limits of our discretionary authority are described in your advisory agreement with us.

Monitoring

We periodically monitor your advisory account for you as part of our advisory services in accordance with the terms of your advisory agreement with us. Our financial planning services are limited to preparation of a financial plan based on the information that you provide, and do not include ongoing monitoring. The frequency and limitations of our account monitoring depend on the advisory program that you select.

Account Minimums

You must meet certain account minimums to open an advisory account. More information about our investment advisory services and current account minimums for advisory programs are described in our Advisory Disclosure Documents (Form ADV, Part 2A brochures), which are available at www.fmnc.com.

Additional Information

Please see our Advisory Disclosure Document which is available at www.fmnc.com and, for our brokerage services, our Regulation Best Interest Brokerage Disclosures also available at that website.

Conversation Starters:

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?”

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

A. What fees will I pay?

Brokerage Services

For our brokerage services, the primary fees you pay are “transaction-based” fees. These fees are typically called “commissions,” “sales charges,” “loads,” “selling concessions,” or “trails”. These fees vary depending on the investment product you select, the capacity in which we act, and the size of your transaction, and can be charged up-front when you purchase or sell the investment, or on an ongoing basis for as long as you hold the investment (“trails”). If we purchase a security from you or sell a security to you from our own account (as “principal”), rather than acting as your agent to purchase or sell a security from a third party, we are paid by marking the price up or down and retain that difference, which is a benefit to us. Because we are compensated for these transactions, we have a conflict of interest to encourage you to invest in products that pay us greater compensation than those that pay us less, to trade more frequently and in greater volume, and trade with us as principal because we generally receive more revenue when you do so. In addition, we, and your financial advisor, have an incentive to recommend that you open, or transfer assets to, a brokerage account instead of an advisory account when you trade so frequently or in such volume that we’d receive more revenue than if you invested through an advisory account.

Description of Other Fees and Costs

In addition to the foregoing fees, our custodians may assess certain fees associated with your brokerage account, such as account termination fees, and account transfer or liquidation fees, depending on the advisory program. For a schedule of fees charged by your custodian, you may visit the custodian’s website.

The fees and costs you pay for specific securities transactions are disclosed to you on the confirmation statement you receive after your transaction is executed. The total costs you incur (and compensation we earn) in connection with your brokerage accounts will primarily depend on your investment mix and how frequently you trade.

For American Fund fees please go to: <https://www.capitalgroup.com/us/investments/share-class-information/share-class-pricing.html>

For Invesco products, the fees range from 0.05 – 5.50%.

For Franklin Templeton products, the fees range from 0.50-5.00%.

Schwab's most recent pricing information is available at schwab.com/aspricingguide.

Fidelity's pricing ranges from \$0-\$125 based on account and type of services provided.

Trading fees range from \$10-\$50 per transaction.

Maintenance fees for these vendors range from \$15 -\$125 per account depending on the type of fee.

Please refer to the website for issuer of the products you have purchased or custodian for a complete list of fees they charge.

Investment Advisory

For our investment advisory services, you pay a fee for the program you select. The Fee ranges between 0.50 and 1.25%. The fees are "asset-based" meaning that they are calculated as a percentage of the assets invested in your advisory account according to the fee schedule in your advisory agreement with us. This means that the more assets you maintain in your account, the more you will pay in fees, and therefore we have an incentive to encourage you to increase your advisory account assets and to invest your assets through programs that pay us a higher percentage Program Fee. In addition, we generally earn more compensation when you invest with us through an advisory account instead of a brokerage account, particularly if you trade infrequently or purchase investments that would pay us lower commissions and other compensation if purchased through a brokerage account. This creates an incentive for us, and your financial advisor, to recommend that you open, or transfer assets to, an advisory account instead of a brokerage account. More information about Fees is available in our Advisory Documents.

Description of Other Fees and Costs

In addition to the fees described above, your Custodian may assess certain fees associated with your advisory account, such as account termination fees, and account transfer or liquidation fees, depending on the advisory program. For a schedule of fees charged by visit your Custodian's website. The fees and costs you pay for investment advisory services are disclosed to you on the account statements you receive each quarter. The total costs you incur (and compensation we earn) in connection with your advisory accounts will primarily depend on the assets in your advisory account and the fee rate.

Additional Information

With respect to both broker- dealer and advisory services, 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. Certain investments, such as mutual funds, ETFs, UITs, annuities, and 529 College Savings Plans ("529 Plans"), bear ongoing costs that you pay indirectly because they are factored into the cost of the investment and are in addition to our brokerage and advisory fees. In addition, these types of investments may charge surrender or early termination fees if you sell your investments early. For more information regarding these expenses, please refer to the prospectus or offering documents for your investment.

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

Conversation Starter:

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

Examples of Ways We Make Money and Conflicts of Interest

Third-Party Payments

We benefit from our recommendations to you. FMN Capital Corporation receives payments from third-parties (or their affiliates) when

we sell certain products. As such, FMN Capital Corporation has an incentive to recommend (or to invest your assets in) products of third-parties that pay us over products of third-parties that do not pay us or pay us less. We can make extra money by selling you certain investments, such as private placement and alternative investments opportunities. Your financial professional also receives more money if you buy these investments.

Revenue Sharing

Certain managers and sponsors (or their affiliates) share the revenue they earn when you invest in certain of their investment products (primarily mutual funds and variable annuities) with FMN Capital Corporation. As such, FMN Capital Corporation has an incentive to recommend (or to invest your assets in) products of sponsors and fund managers that share their revenue with us, over other products of sponsors or fund managers that do not or who share less.

Principal Trading

We can buy investments from you, and sell investments to you, from our own accounts (called “acting as principal”). We can earn a profit on these trades, so we have an incentive to encourage you to trade with us.

Additional Information

Please see our Regulation Best Interest Brokerage Disclosure available at that website.

HOW DO YOUR FINANCIAL ADVISORS MAKE MONEY?

FMN Capital Corporation’s financial Advisors are compensated based upon a percentage of advisory fees, commissions, and similar compensation paid to FMN Capital Corporation by the clients of the financial advisor. This percentage varies by product and service. It may also vary based on the financial advisor’s production level, industry experience and tenure with FMN Capital Corporation. As the amount of commissions and fees paid by a client increase or decrease, the compensation paid by FMN Capital Corporation to the client’s financial advisor increases or decreases. FMN Capital Corporation financial advisors are also eligible for incentive compensation and bonuses based upon the amount of the financial advisor’s compensation, length of service and the revenue they produce. FMN Capital Corporation may offer recruiting packages to Advisors joining from other firms which gives your financial advisor an incentive to enter employment with FMN Capital Corporation regardless of the comparative benefits clients they service receive at other financial firms and to recommend opening an account with FMN Capital Corporation.

FMN Capital Corporation may increase/reduce the rate of compensation it pays to financial advisors when the commissions, fees and similar compensation paid by clients are above/below certain levels. This creates an incentive for financial advisors 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.

In the case of certain investment products, including funds, the issuer or the sponsor provides our financial Advisors with other forms of compensation, including business entertainment, expense reimbursement for travel associated with educational or similar business meetings, financial assistance in covering the cost of marketing and sales events, and nominal gifts. In addition, depending on the specific type of investment advisory program, certain financial Advisors may receive similar forms of other compensation from the sponsors or managers of those programs, including business entertainment and business travel expense reimbursements. The receipt of these payments presents a conflict because it creates an incentive for the financial advisor to recommend (and maximize the use of) those investments products whose issuers or sponsors offer these forms of compensation.

Additional Information

Please see our Regulation Best Interest Brokerage Disclosure also available at that website.

Item 4. Disciplinary History

Yes, FMN Capital Corporation and some of its advisors do have a regulatory history. Please visit Investor.gov/CRS for a free and simple search tool to research us and our financial advisors. You may research your financial advisor’s experience and licenses on FINRA’s BrokerCheck website at brokercheck.finra.org/.

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 brokerage services, our investment advisory services, or to obtain an updated copy of this Client Relationship Summary, please visit our website at www.fmccc.com. You may also request up-to-date information and request a copy of this Client Relationship Summary by calling us at (949) 455-0300 or by contacting us in writing at: FMN Capital Corporation 26041 Acero Mission Viejo, CA 92691.

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?