

# REGULATION BEST INTEREST – JUNE 30, 2020

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## **PYRAMID FUNDS CORPORATION**

### **REGULATION BEST INTEREST – June 30, 2020**

This guide summarizes important information concerning the scope and terms of the brokerage services we offer and details the possible conflicts of interest that may arise through our delivery of brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you may receive from us.

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (SEC) as a broker dealer. Our Form CRS contains important information about the types of services we offer along with general information related to compensation, conflicts of interest, disciplinary action and other reportable legal information.

Please carefully review and consider the information in each section below.

#### **Brokerage Account Types**

We offer many different account types including individual and joint accounts, custodial accounts, individual retirement accounts (IRA, ROTH/IRA or SEP IRA), Simplified Employee Pensions (SIMPLE) and other types of retirement accounts.

#### **Incidental Brokerage Services, Recommendations and Account Monitoring**

Within your account, we may also provide recommendations to buy, sell, or hold assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is important for you to understand that when our financial professionals make a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation. It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your account. If you prefer on-going monitoring of your account or investments, you should speak with a financial advisor about whether an advisory services relationship is more appropriate for you.

## Regulation Best Interest Disclosure

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your account. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic account reviews. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

## Understanding Risk

It is important for you to understand that all investment recommendations and activities involve risk, including the risk that you may lose your entire principal. Further, some investments involve more risk than other investments. Higher-risk investments may have the potential for higher returns but also for greater losses. The higher your “risk tolerance,” meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more you may decide to invest in higher-risk investments offering the potential for greater returns. We align risk tolerances with investment needs to offer you different investment objectives from which to choose (see below). You should select the investment objective and risk tolerance best aligned with your account goals and needs.

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with “Income” investors typically holding the smallest percentage of higher-risk investments, followed by “Growth and Income” investors holding *some* higher-risk investments, and finally “Growth” investors holding a significant portion of their portfolio in higher-risk investments. Risk tolerance also varies and we measure it on a continuum that increases from “Conservative” to “Moderate” to “Aggressive,” and finally “Trading and Speculation.”

Our recommendations are based in part on your risk tolerance and investment objective as outlined above. We encourage you to carefully consider your investment objective and risk tolerance before investing.

## Account Minimums and Activity Requirements

There is no minimum initial account balance required to open an account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types of mutual fund accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your account will be closed.

## Regulation Best Interest Disclosure

### Brokerage service models and products

Our financial professionals are independent contractors and have general business discretion to operate and service their book of business. Most of the accounts serviced by our financial professionals are Full Service, meaning that you will receive communications from your financial professional, including securities recommendations and other advice, and servicing of your account(s) such as deposits and distributions. Your financial professional is also available to you to discuss your account(s).

### Brokerage fees and our compensation

It is important to consider that while a brokerage relationship can be a cost-effective way of investing your assets, it is not for everyone given the fees and costs involved.

**Transaction-Based Fees** - You will pay transaction-based fees for trades you decide to enter into, such as buying and selling mutual funds or annuity contracts. These transaction-based fees are generally referred to as a “commission,” “mark up,” “sales load,” or a “sales charge.” Transaction-based fees are based on a host of factors, including, but not limited to:

- Underlying product selection
- Your brokerage service model and account type
- Size of your transaction and/or overall value of your account
- Frequency of your trade activity
- Available discounts and/or fee waivers

**Account and Service Fees** - You will pay fees for various operational services provided to you through your brokerage account. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions.

### How We Are Compensated

We receive direct and indirect compensation in connection with your accounts. Direct compensation is taken directly from the affected account. Indirect compensation is compensation paid in ways other than directly from the account and may impact the value of the associated investments in your account. The sections below describe the compensation that we receive in connection with various investments that may be available to you. In many cases, the descriptions that follow refer to a prospectus or offering documents.

## Regulation Best Interest Disclosure

# Financial Professional Schedules

## Mutual Funds

We currently offer hundreds of mutual funds varying in share class structure and investment style. If you invest in mutual funds, we may receive direct and indirect compensation in connection with such mutual fund investments, as described below. The fund distributor's payment practice is described in the fund's prospectus and statement of additional information (SAI) which is available online. If you have difficulty in finding the prospectus or SAI relating to a particular fund, please consult with your financial professional.

### 12b-1/ Shareholder Service Fees / Revenue Sharing

Annual 12b-1 fees, also known as trails, are paid by the fund and paid to us out of fund assets under a distribution and servicing arrangement to cover distribution expenses and sometimes shareholder service expenses that we may provide on the fund's behalf. Shareholder servicing fees are paid to respond to investor inquiries and provide investors with information about their investments. These fees are asset-based fees charged by the fund family. These fees range from 0.00% to 1.00%. These fees may be passed on to us and may in turn be passed on to your financial professional as a commission.

### Front-end Sales Charge Fees/Contingent Deferred Sales Charges (CDSC)

Front-end sales charge fees may be charged and paid to us, including your financial professional, when you purchase a fund. The front-end sales charge is deducted from the initial investment on certain share classes. This charge normally ranges from 0.00% to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts based on the amount of transaction and rights of accumulation. In addition, some purchases may qualify for a sales charge waiver based on the type of account, and/or certain qualifications within the account. You should contact your Financial professional if you believe you are eligible for sales charge waivers.

CDSC is a charge you pay upon withdrawal of money from a fund prior to the end of the fund's CDSC period. CDSC charges range from 0.00% to 5.00%. CDSC periods can range from zero to seven years. This charge typically exists only on share classes that do not have a front-end sales charge. It is sometimes referred to as the back-end load. CDSCs are not charged when you purchase a fund. The fee charged will depend on the share class purchased by the investor. A CDSC is not passed on to your financial professional. You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the fund's prospectus. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund.

## Regulation Best Interest Disclosure

### Revenue Sharing Disclosure

June 2020

Pyramid Funds Corporation (PFC) receives payments known as revenue sharing from certain mutual fund companies and insurance companies. Virtually all of Pyramid Funds Corporation's transactions relating to mutual funds and annuity products involve product partners that pay revenue sharing to PFC.

We want you to understand that PFCs' receipt of revenue sharing payments creates a potential conflict of interest in the form of an additional financial incentive and financial benefit to the firm and our financial representatives in connection with the sale of these products.

Revenue sharing, as received by PFC, involves a payment from a mutual fund company's distributor or an insurance company that markets an annuity contract. It is not an additional charge to you. These payments are in addition to standard sales loads, annual sales fees, expense reimbursements, and sub-transfer agent fees for maintaining client account information and for providing other administrative services for mutual funds. These payments are also in addition to fees for maintaining technology and providing other administrative services for insurance products (in-force contract service fees), and reimbursements for education, marketing support and training related expenses.

Mutual fund distributors pay PFC a commission based on the value of assets under management, known as an asset-based expense fee. For example, if you made a \$10,000 purchase of an investment, held it for a year, and its value remained the same, PFC would be paid 1% by the third-party distributor annually or 0.25 basis points on a quarterly basis. That would translate to a \$10.00 payment from the distributor partner to PFC for the \$10,000 investment in your account. For every subsequent year you held that \$10,000 investment in your PFC account, the distributor would make a \$10.00 payment to PFC, assuming no change in the value of your investment. Asset-based payments will increase or decrease from year to year with changes in the value of the related assets held by PFCs' clients.

Variable annuity product partners pay PFC an up-front commission based on the dollar value of your initial purchase and any subsequent contributions you make to the contract along with a trail commission after year 1. For example, the product partner may pay PFC up to 3.50% (maximum amount allowed – can be lower) for each dollar you invest or use to purchase an annuity product. Therefore, if you made a \$10,000 investment, the product partner would pay PFC \$350.00 for that transaction. Trail commissions range from 0.25%-1.0% based on the product that is sold. With regard to variable annuity products, PFCs' financial representatives are limited to the states of the licensed associate person and the companies that PFC chose to represent.

Most of the product distributors pay revenue sharing to PFC. PFC has determined these product distributors have a broad or strategically aligned spectrum of investment and annuity solutions designed to meet a variety of our client needs. These product distributors have frequent interactions with our financial advisors to provide training, marketing support and educational presentations. Additionally, while PFCs financial representative may sell, and our clients are free to select, funds from many mutual fund families, we predominantly promote mutual fund families from our selected list. The vast majority of mutual funds and annuity products sold by PFC, as noted above, pay revenue sharing to PFC.

## Regulation Best Interest Disclosure

### Mutual Funds - Comparison of Share Classes:

#### Class A

- Offered at NAV (current value price) plus a front-end sales charge ranging from the high of 5.50% to a low of 0% on amount invested.
- Appropriate for Investors who prefer a single front-end sales charge and have longer investment horizons.
- Ongoing expenses lower than Class C. Annual fees start in the 13 month and average under 1%
- Investors who qualify for reduced sales charges on larger investments or want to take advantage of breakpoints (lower costs) through large share quantity purchases. Up-front commissions, class A, may ultimately cost less, particularly with rights of accumulation.
- not subject to a Contingent Deferred Sales Charges (CDSC) back-end fees on any sale of shares.

#### Typical Front-End Sales Charges on Class A Shares for a Equity Mutual Fund, Alternatives and Multi-Asset Allocation Funds:

	Sales Charge	Dealer Commission
• Less than \$50,000	5.50%	5.00%
• \$50,000 to \$99,999	4.50%	4.00%
• \$100,000 to \$249,999	3.50%	3.00%
• \$250,000 to \$499,999	2.50%	2.25%
• \$500,000 to \$999,999	2.00%	1.75%
• \$1,000,000 or more	0.00%	1.00%

#### Typical Front-End Sales Charges on Class A Shares for a Long-Term Fixed Income Mutual Fund.

	Sales Charge	Dealer Commission
• Less than \$100,000	3.75%	3.50%
• \$100,000 to \$249,999	3.25%	3.00%
• \$250,000 to \$499,999	2.25%	2.25%
• \$500,000 to \$9,999,999	0.00%	1.00%

#### Typical Front-End Sales Charges on Class A Shares for Intermediate- and Limited-Term Fixed Income Funds:

##### Amount Invested Sales Charge (as a % of what you invest - offering price)

	Sales Charge	Dealer Commission
• Less than \$100,000	2.25%	2.00
• \$100,000 to \$249,999	1.75%	1.75%
• \$250,000 to \$499,999	1.25%	1.25%
• \$500,000 to \$9,999,999	0.00%	1.00%

Maximum Dealer Trail on class A shares is 0.25% for all funds.

## Regulation Best Interest Disclosure

### Class C SHARES of a Mutual Fund: (See Prospectus for further details)

- Offered at NAV (current value price) with no front-end fee
- invest all money immediately
- Investors who prefer to “pay as they go” for professional investment advice
- Ongoing expenses are higher than Class A and are typically under 2%.
- Investors with shorter investment horizons and/or are investing smaller amounts
- Class C Shares are not subject to a CDSC (back-end fee) after 12 months.
- Class C Shares convert to the same fund’s Class A shares after being held for ten years.

### Typical Class C Sales Charges and Commissions:

	Equity Funds	Fixed Income Funds
<b>Front-end sales charge paid by Investor:</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Commission paid to Broker Dealer (PFC)-</b>		
Upfront Payment:	0.75%	0.85%
Advanced 12b-1 Service Fee Year 1	0.25%	0.15%
<b>Total up-front commission</b>	<b>1.00%</b>	<b>1.00%</b>
<b>Maximum 12b-1 fees paid to Dealer (PFC)</b>		
Service Fee:	0.25%	0.15%
Asset-based charge	0.75%	0.50%
<b>Total 12b-1 Fees</b>	<b>1.00%</b>	<b>0.65%</b>

**Contingent Deferred Sales Charges - shares redeemed within 12 months of purchases**  
**CDSC is 1% for either type of funds above based on the amount withdrawn from the investment.**

### 12b-1 Distribution and Service Fees

- The 12b-1 Plans adopted by the Trust for the Class A and Class C Shares permit each Fund to pay distribution and other fees for the sale and distribution of its shares and for services provided to shareholders.
- Because these fees are paid out of Fund assets on an ongoing basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges.
- Class C Shares pay a 1.00% 12b-1/service fee (shareholder servicing fee of 0.25% of average daily net assets and distribution fee of 0.75% per annum of average daily net assets), payable on a monthly basis, of each Fund’s average daily net assets attributable to Class C Shares.

## Regulation Best Interest Disclosure

### CLASS A SHARES – How to Get Front-end sales charges reduced?

#### Reduction or Waiver of Front-End Sales Charges may be reduced by?

- **Increase the Amount of Your Investment.** You can reduce Class A's initial sales charge by increasing the amount of your investment.
- **Rights of Accumulation.** You may qualify for a reduced sales charge by aggregating the NAV of any shares you already own of the same class to the amount of your next investment in that class for purposes of calculating the sales charge. For example, if you already owned Class A Shares in the Fund with a combined aggregate NAV of \$450,000, and you decided to purchase an additional \$60,000 of Class A Shares of another series of the Trust, there would be a sales charge of 2.00% on your \$60,000 purchase instead of the normal 4.75% on that purchase, because you had accumulated more than \$500,000 total in one fund family.
- **Letter of Intent.** By signing a Letter of Intent (LOI) you can reduce your Class A sales charge. Your individual purchases will be made at the applicable sales charge based on the amount you intend to invest over a 13-month period. The LOI will apply to all purchases of Class A Shares. Any shares purchased within 90 days of the date you sign the letter of intent may be used as credit toward completion, but the reduced sales charge will only apply to new purchases made on or after that date. Purchases resulting from the reinvestment of dividends and capital gains do not apply toward fulfillment of the LOI. Shares equal to the Funds' highest applicable sales load (5.50% for all Funds) for the amount of the LOI will be held in escrow during the 13-month period. If, at the end of that time the total amount of purchases made is less than the amount intended, you will be required to pay the difference between the reduced sales charge and the sales charge applicable to the individual purchases had the LOI not been in effect. This amount will be obtained from redemption of the escrow shares. Any escrowed shares not needed to satisfy that charge would be released to you.

#### OTHER FEES AND EXPENSES FROM THE CUSTODIANS WHO HOLD YOUR MONEY:

Clients should be aware that they can have additional costs, which can include but not be limited to transaction costs, sub-advisor fees, custodian fees, transfer fees, redemption fees on short-term investments, and/or taxes or penalties levied by government authorities. PFC does not receive any portion of these fees or expenses.

When managing clients' assets, PFC takes into consideration the overall costs to a client, and we strive to make transaction decisions that are the most economical for a client based on the then prevailing facts and circumstances.

Importantly, all the fees charged to a client's account lowers the overall performance of the account. Therefore, clients should review all applicable direct and indirect fees charged.

## **Regulation Best Interest Disclosure**

### **Conflicts of interest**

Conflicts of interest exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially adverse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our financial professionals, our clients and third parties. Securities rules allow for us, our financial professionals, and our affiliates to earn compensation when we provide brokerage services to you. However, the compensation that we and our financial professionals receive from you varies based upon the product or service you purchase, which may create a financial incentive to recommend investment products and services that generate greater compensation to us.

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship.

### **Compensation We Receive From Clients**

#### Transaction-based conflicts

In your brokerage account you pay certain fees (commissions and sales charges) in connection with the buying and selling of each investment product, including mutual funds and variable annuities. Where these fees apply, the more transactions you enter into, the more compensation that we and your financial professional receive. This compensation creates an incentive for us to recommend that you buy and sell, rather than hold, these investments.

## Regulation Best Interest Disclosure

### Compensation We Receive from Third Parties

Third-party payments we receive may be based on new sales of investment products, creating an incentive for us to recommend you buy and sell, rather than hold, investments. In other cases, these payments are made on an ongoing basis as a percentage of invested assets, creating an incentive for us to recommend that you buy and hold investments (or continue to invest through a third-party manager or adviser).

The total amount of payments we receive varies from product to product, and varies with respect to the third-party investment management products we recommend. It also varies from the compensation we receive in connection with other products and services we may make available to you, including advisory services. We have an incentive to recommend investment products and services that generate greater payments to us. This compensation generally represents an expense embedded in the investment products and services that is borne by investors, even where it is not paid by the Product Sponsor and not directly from the investment product or other fees you pay. The types of third-party compensation we receive include:

- **Revenue Sharing.** The firm receives compensation in the nature of selling group compensation for certain products and sharing in operational and other revenue with its clearing firm as described more fully in this document above.
- **Trail Compensation.** Ongoing compensation from Product Sponsors may be received by us and shared with our financial advisors. This compensation (commonly known as trails, service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product. We have an incentive to recommend that you purchase and hold interests in products that pay us higher trails.

Additional Compensation from Product Sponsors and Other Third Parties that we and our financial professionals might receive as follows:

- Gifts and awards, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing.
- Payment or reimbursement for the costs associated with education or training events that are attended by our employees and financial professionals, and for conferences and events that we sponsor.
- Reimbursement from Product Sponsors for research and technology-related costs, such as those to build systems, tools, and new features to aid in servicing clients.

**Note:** The amount of these payments is not dependent or related to the level of assets you or any other of our clients invest in or with the Product Sponsor.

## **Regulation Best Interest Disclosure**

### Product Share Classes

Some Product Sponsors offer multiple structures of the same product (e.g., mutual fund share classes) with each option having a unique expense structure, and some having lower costs to you as compared to others. We could recommend share classes or other product structures that will generate higher compensation to us.

### Compensation Related to Proprietary Products

PFC does not have any Proprietary Products, which is a product or service that is managed, issued or sponsored by us.

### Compensation Received by Financial Advisors

Financial professionals are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients, including brokerage account activity. This compensation may vary by the product or service associated with a brokerage recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or “trail” payments. Thus financial professionals are incentivized to recommend products that have higher fees as well as those with on-going payments.

Financial professionals have an incentive to recommend you rollover assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA) because of the compensation they will receive. We maintain policies and procedures designed to ensure that rollover recommendations are in your best interest.

Non-cash compensation is provided to financial professionals in the form Portions of these programs is subsidized by external vendors and affiliates, such as mutual fund companies, insurance carriers, or money managers. Consequently, product providers that sponsor and/or participate in education meetings and recognition trips gain opportunities to build relations with financial professionals, which could lead to sales of such product provider’s products. Financial professionals also receive promotional items, meals, entertainment, and other non-cash compensation from product providers up to \$100 per year for gifts per vendor and \$1,000 per year for meals per vendor.

## Regulation Best Interest Disclosure

### Annuities

Under arrangements with insurance companies, we, including your financial professional, receive commissions from the insurance companies for the sale of annuities, as well as trail commissions, and they are considered indirect compensation. This is factored into the cost of the insurance and is paid by the issuing insurance company to us. Commissions and trails paid to us vary by product type and may vary by insurance carrier.

The costs of an insurance product include an asset-based charge, usually called a mortality and expense risk charge, administrative charges, and cost of insurance charges. In addition, surrender charges can apply to certain withdrawals or surrenders. Optional riders can be added at additional cost.

For additional information regarding Annuities, please reference your annuity contract.

#### **VARIABLE ANNUITY FEE – SAMPLE AND EXPLANATION OF FEES:**

**Varies greatly by Annuity Product and Company. Riders are elective and are not required to be purchased.**

Mortality and Expense Fees – Core Contract Charge	1.40%
Living Benefit Guarantee Rider Fees	
- Single	1.20%
- Joint	1.35%
Enhanced Death Benefit Fees	0.25%
Sub-Account Portfolio Fees –	0.56% -2.19% - Range

#### **AVERAGE COST OF A VARIABLE ANNUITY**

**3.80%**

Variable Annuities are long-term, tax-deferred investment designed for retirement, involve investment risks, and may lose value. Earnings are taxable as ordinary income when distributed and may be subject to a 10% additional tax if withdrawn before age 59½.

**Before investing, investors should carefully consider the investment objectives, risks, charges and expenses of the variable annuity and its underlying investment options. The current contract prospectus and underlying fund prospectuses, which are contained in the same document, provide this and other important information. Please contact your insurance company to obtain the prospectuses. Please read the prospectuses carefully before investing or sending money.**

## **Regulation Best Interest Disclosure**

### **Choosing a Fund Family**

We analyze a variety of factors in determining mutual fund family recommendation including the length of track record, short and long-term performance of the funds offered, the size of assets under management and the level of interest and demand from clients. While we will take reasonable care in developing and making recommendations to you, securities involve risk and you may lose money. There is no guarantee that you will meet your investment goals or that our recommended investment strategy will perform as anticipated. Please consult any available offering documents for any security we recommend for a discussion of risks associated with the product.

### **Training and Education**

We work closely with many product and service providers who provide training and educational support. These meetings or events are held to educate financial professionals on product characteristics, business building ideas, successful sales techniques, suitability as well as various other topics.

Also, financial professionals may receive promotional items or a meal or other non-cash compensation from product providers.

Although training and education compensation is not related to individual transactions or assets held in client accounts, it is important to understand that, due to the total number of product providers whose products are offered by us, it is not possible for all companies to participate in a single meeting or event. Consequently, those product providers that do participate in training or educational meetings, seminars or other events gain an opportunity to build relationships with Financial professionals; these relationships could lead to sales of that particular company's products.

### **Compensation for Termination of Services**

Other than any contingent deferred sales charge for a fund (as described under the Mutual Funds section above, if applicable), IRA termination fees (when applicable), and account transfer fees, the firm would not receive any additional compensation in connection with the termination of its services. If you have questions or need additional copies, contact your financial advisor.

## Regulation Best Interest Disclosure

### Definitions:

**Retail customer's investment profile** is defined to include, but is not limited to the retail customer's:

- age;
- other investments;
- financial situation and needs;
- tax status;
- investment objectives;
- investment experience;
- investment time horizon;
- liquidity needs;
- risk tolerance; and
- any other information the retail customer may disclose to the broker in connection with a recommendation

**Retail Investor Customer** is a natural person, or legal representative who:

1. Receives a recommendation involving a securities transaction or investment strategy; and
2. Uses the recommendation primarily for personal, family, or household purposes.

**Associated Persons (AP)** – Financial Professional – Licensed Registered Representative of Pyramid Funds Corporation, the Broker-Dealer.

### Miscellaneous Items:

- **Voluntary Account Review** – Our firm reviews investments and contacts you to make a recommendation, if needed. This is offered as part of our standard services.
- **Investment Authority:** We do not offer discretionary services. Our firm must have your approval before implementing or executing any transaction.
- **Limited Investment Offerings & Material Limitations:** Our firm offers mutual funds and annuity products with third-party arrangements, such as, revenue sharing and on-going service fees. Annuities are limited to the states we are licensed in and the companies we choose to represent.
- **Account Minimums or other requirements:** There are no minimum account size or investment amount.

## Regulation Best Interest Disclosure

### Pyramid Funds Corporation (PFC) – Companies we chose to represent as of January 2020:

For additional information on a particular product payment and compensation practices, please review the applicable prospectus of the following companies and the statement of additional information.

All of the following companies offer PFC Third-Party Payments (compensation PFC receives when we sell their investment) and revenue-sharing 12b-1 Payments (sponsors of these investments share a percentage of revenue it earns on those investments with PFC).

#### MUTUAL FUND COMPANIES we use with Revenue-Sharing:

AIG Funds	Alger Funds	American Funds
BlackRock Funds	Centerstone Funds	Federated Investment
Fidelity Investments	First Eagle	Franklin Templeton
Guggenheim Funds	Invesco Oppenheimer	Ivy Funds
MFS Funds	Nationwide Funds	PIMCO Funds
PGIM Investments (formerly Prudential Funds)	Quaker Funds	Thornburg Investments

For additional information, visit [www.pyramidfunds.com](http://www.pyramidfunds.com) and choose links and your investment company name. At this point, you can access any additional information regarding the investment directly from the company website. There is no guarantee that the investment recommendations will meet their objectives. Investments are not FDIC-Insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

#### VARIABLE ANNUITY - COMPANIES we use with Revenue Sharing:

Prudential Annuities	Jackson National Annuities
Nationwide Annuities	Lincoln Annuities

For additional information on a variable annuity contract's payment and compensation practices, please review the prospectus and statement of additional information. Investors should carefully consider the investment objectives, risks, and charges and expenses of the variable annuity contract before investing. A prospectus containing this and other information can be obtained from Pyramid Funds Corporation and should be read carefully before investing. Please call 518-459-1671

#### RETIREMENT PLANS - COMPANIES we use with Revenue Sharing:

American Funds	Nationwide Annuities
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**Additional companies can be added at the discretion of Pyramid Funds Corporation.**

## Regulation Best Interest Disclosure

### TYPES OF INVESTING RISKS DISCLOSURES:

Stock prices tend to go up and down more dramatically than those of debt securities. A slower-growth or recessionary economic environment could have an adverse effect on the prices of the various stocks held by the Fund.

**Technology & Health Care sector** has historically been volatile due to the rapid pace of product change and development within the sector. Companies in the technology sector may be affected by worldwide technological developments, the success of their products and services (which may be outdated quickly), anticipated products or services that are delayed or cancelled, and investor perception of the company and/or its products or services. The activities of health care companies may be funded or subsidized by federal and state governments and changes in funding may adversely affect the profitability of these companies. Technology and health care companies may also be affected by legislation or changes in government regulation and policies.

**Foreign Securities** Investing in foreign securities typically involves more risks than investing in U.S. securities, including risks related to currency exchange rates and policies, country or government specific issues, less favorable trading practices or regulation and greater price volatility. Certain of these risks also may apply to securities of U.S. companies with significant foreign operations.

**Management** The Fund is subject to management risk because it is an actively managed investment portfolio. The Fund's investment manager applies investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these decisions will produce the desired results.

**Growth Style Investing** Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. Prices of these companies' securities may be more volatile than other securities, particularly over the short term.

**Value Style Investing** A value stock may not increase in price as anticipated by the investment manager if other investors fail to recognize the company's value and bid up the price, the markets favor faster-growing companies, or the factors that the investment manager believes will increase the price of the security do not occur.

**Smaller and Midsize Companies** Securities issued by smaller and midsize companies may be more volatile in price than those of larger companies, involve substantial risks and should be considered speculative. Such risks may include greater sensitivity to economic conditions, less certain growth prospects, and lack of depth of management and funds for growth and development. They may also have limited product lines or be developing or marketing new products or services for which markets are not yet established and may never become established.

## Regulation Best Interest Disclosure

### TYPES OF INVESTING RISKS DISCLOSURES:

**Biotechnology Industry** The biotechnology industry is affected by government regulatory requirements, regulatory approval for new drugs and medical products, patent considerations, product liability, and similar matters. In addition, this industry is characterized by competition and rapid technological developments which may make a company's products or services obsolete in a short period of time. In the past, the biotechnology sector has experienced considerable volatility in reaction to research and other business developments which may affect only one, or a few companies within the sector. The market values of investments in the biotechnology industry are often based upon speculation and expectations about future products, research progress, and new product filings with regulatory authorities. In addition, compared to more developed industries, there may be a thin trading market in biotechnology securities.

**Utilities Industry** Utility company equity securities, to the extent they are purchased for their dividend yield, historically have been sensitive to interest rate movements: when interest rates have risen, the stock prices of these companies have tended to fall. In some states, utility companies and their rates are regulated; other states have moved to deregulate such companies thereby causing non-regulated companies' returns to generally be more volatile and more sensitive to changes in revenue and earnings. Certain utilities companies face risks associated with the operation of nuclear facilities for electric generation, including, among other considerations, litigation, the problems associated with the use of radioactive materials and the effects of natural or man-made disasters. In general, all utility companies may face additional regulation and litigation regarding their power plant operations; increased costs from new or greater regulation of these operations; the need to purchase expensive emissions control equipment or new operations due to regulations; and the availability and cost of fuel, all of which may lower their earnings.

**Non-Diversification Risk** - If a Fund is non-diversified, it may be more sensitive to economic, business, political or other changes affecting individual issuers or investments than a diversified fund, which may result in greater fluctuation in the value of the Fund's shares and greater risk of loss.

**Emerging Market Countries** The Fund's investments in emerging market countries are subject to all of the risks of foreign investing generally, and have additional heightened risks due to a lack of established legal, political, business and social frameworks to support securities markets, including: delays in settling portfolio securities transactions; currency and capital controls; greater sensitivity to interest rate changes; pervasiveness of corruption and crime; currency exchange rate volatility; and inflation, deflation or currency devaluation.

**Focus** To the extent that the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, the Fund may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments.

## Regulation Best Interest Disclosure

### TYPES OF INVESTING RISKS DISCLOSURES:

**Small-Cap Companies** Securities issued by smaller companies may be more volatile in price than those of larger companies, involve substantial risks and should be considered speculative. Such risks may include greater sensitivity to economic conditions, less certain growth prospects, lack of depth of management and funds for growth and development and limited or less developed product lines and markets. In addition, smaller companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans.

**Liquidity Risks:** From time to time, the trading market for a particular security or instrument or type of security or instrument in which the Fund invests may become less liquid or even illiquid. Reduced liquidity will have an adverse impact on the Fund's ability to sell such securities or instruments when necessary to meet the Fund's liquidity needs or in response to a specific economic event and will also generally lower the value of a security or instrument. Market prices for such securities or instruments may be volatile.

**Developing Market Countries** - in developing market countries are subject to all of the risks of foreign investing generally, and have additional heightened risks due to a lack of established legal, political, business and social frameworks to support securities markets, including: delays in settling portfolio securities transactions; currency and capital controls; greater sensitivity to interest rate changes; pervasiveness of corruption and crime; currency exchange rate volatility; and inflation, deflation or currency devaluation.

**Interest Rate** When interest rates rise, debt security prices generally fall. The opposite is also generally true: debt security prices rise when interest rates fall. In general, securities with longer maturities are more sensitive to these interest rate changes.

**Credit** An issuer of debt securities may fail to make interest payments and repay principal when due, in whole or in part. Changes in an issuer's financial strength or in a security's credit rating may affect a security's value.

**High-Yield Debt Securities** Issuers of lower-rated or "high-yield" debt securities are not as strong financially as those issuing higher credit quality debt securities. These issuers are more likely to encounter financial difficulties and are more vulnerable to changes in the relevant economy, such as a recession or a sustained period of rising interest rates, that could affect their ability to make interest and principal payments when due. The prices of high-yield debt securities generally fluctuate more than those of higher credit quality. High-yield debt securities are generally more illiquid (harder to sell) and harder to value

## Regulation Best Interest Disclosure

### TYPES OF INVESTING RISKS DISCLOSURES:

**Inflation-Indexed Securities** Inflation-indexed securities have a tendency to react to changes in real interest rates. Real interest rates represent nominal (stated) interest rates lowered by the anticipated effect of inflation. In general, the price of an inflation-indexed security can decrease when real interest rates increase, and can increase when real interest rates decrease. Interest payments on inflation-indexed securities will fluctuate as the principal and/or interest is adjusted for inflation and can be unpredictable.

**Income** Because the Fund can only distribute what it earns, the Fund's distributions to shareholders may decline when prevailing interest rates fall or when the Fund experiences defaults on debt securities it holds.

**ASSET ALLOCATION FUNDS** - These funds are exposed to the same types of risks as the underlying funds in which it invests. These risks include **small- and mid-cap stocks**, which may be subject to more erratic market movements than large-cap stocks; **high yield ("junk") bonds**, which are subject to greater credit and market risks; **short sales**, which involve costs and the risks of potentially unlimited losses; **foreign securities**, which are subject to currency fluctuation and political uncertainty; **leveraging techniques**, which may magnify losses; **derivative securities**, which may carry market, credit, and liquidity risks; and **credit, interest rate, and prepayment bond risks**. Fixed income investments are subject to **interest rate risk**, and their value will decline as interest rates rise. **Diversification** does not assure a profit or loss in declining markets. These risks may increase the Fund's share price volatility. There is no guarantee the Fund's objective will be achieved.

**Commodities** If the Fund invests in an underlying commodities fund, its returns will be subject to the unique risks of exposure to commodities. Investing in physical commodities, including trading in futures contracts thereon, is speculative and can be extremely volatile. Market prices of commodities may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships; weather; agriculture; trade; domestic and foreign political and economic events and policies; diseases; pestilence; technological developments; and monetary and other governmental policies, action and inaction. The current or "spot" prices of physical commodities may also affect, in a volatile and inconsistent manner, the prices of futures contracts in respect of the relevant commodity.

**Derivative Instruments** The performance of derivative instruments (including currency-related Derivatives) depends largely on the performance of an underlying currency, security or index, and such instruments often have risks similar to their underlying instrument, in addition to other risks. Derivatives involve costs and can create economic leverage in the Fund's portfolio which may result in significant volatility and cause the Fund to participate in losses (as well as gains) in an amount that exceeds the Fund's initial investment. Other risks include illiquidity, mispricing or improper valuation of the derivative instrument, and imperfect correlation between the value of the derivative and the underlying instrument so that the Fund may not realize the intended benefits. When used for hedging, the change in value of the derivative may also not correlate specifically with the currency, security or other risk being hedged. With over-the-counter derivatives, there is the risk that the other party to the transaction will fail to perform.

## Regulation Best Interest Disclosure

### TYPES OF INVESTING RISKS DISCLOSURES:

**Natural Resources Focus** The securities of companies in the natural resources sector may experience more price volatility than securities of companies in other industries. Some of the commodities used as raw materials or produced by these companies are subject to broad price fluctuations as a result of industry wide supply and demand factors. In addition, companies in the natural resources sector maybe subject to special risks associated with natural or man-made disasters.

**High Yield and Unrated Securities Risk**—High yield, below investment grade and unrated high risk debt securities may present additional risks because these securities may be less liquid, and therefore more difficult to value accurately and sell at an advantageous price or time, and present more credit risk than investment grade bonds. The price of high yield securities tends to be subject to greater volatility due to issuer-specific operating results and outlook and to real or perceived adverse economic and competitive industry conditions. This exposure may be obtained through investments in other investment companies.

**Municipal Securities Risk**—Municipal securities may be subject to credit, interest and prepayment risks. In addition, municipal securities can be affected by unfavorable legislative or political developments and adverse changes in the economic and fiscal conditions of state and municipal issuers or the federal government in case it provides financial support to such issuers. Certain sectors of the municipal bond market have special risks that can affect them more significantly than the market as a whole. Because many municipal instruments are issued to finance similar projects, conditions in these industries can significantly affect the overall municipal market. Municipal securities that are insured by an insurer may be adversely affected by developments relevant to that particular insurer, or more general developments relevant to the market as a whole. Municipal securities can be difficult to value and be less liquid than other investments, which may affect performance.

**U.S. Government Securities Risk**—U.S. government securities may or may not be backed by the full faith and credit of the U.S. government. U.S. government securities are subject to the risks associated with fixed-income and debt securities, particularly interest rate risk and credit risk

**Hedging Risk**—The Fund may, but is not required to, engage in various investments or transactions that are designed to hedge a position that the Fund holds. There can be no assurance that the Fund's hedging investments or transactions will be effective. Hedging investments or transactions involve costs and may reduce gains or result in losses, which may adversely affect the Fund.

## Regulation Best Interest Disclosure

### Retirement Services

As previously described, our representatives also provide services to clients' retirement accounts, such as individual retirement accounts (IRAs) and retirement plans. A client leaving an employer typically has four options (and can engage in a combination of these options):

- Leave the money in the former employer's plan, if permitted
- Roll over the assets to the new employer's plan, if one is available and rollovers are permitted
- Rollover to an IRA or
- Cash out the account value (which could, depending upon the client's age, result in adverse tax consequences)

When appropriate, our representatives recommend an investor roll over plan assets to an IRA which our representative would manage and, as a result, earn an asset-based fee.

There are various factors that we consider before recommending a rollover, including but not limited to:

- (i) The investment options available in the plan versus the investment options available in an IRA
- (ii) Fees and expenses in the plan versus the fees and expenses in an IRA
- (iii) The services and responsiveness of the plan's investment professionals versus ours
- (iv) Strategies for the protection of assets from creditors and legal judgments
- (v) Required minimum distributions and age considerations and
- (vi) Employer stock tax consequences, if any
- (vii) Loans – loans are not available from IRAs – only employer plans.

The following exception to the early withdrawal penalty applies only to distributions from a qualified retirement plan other than an IRA: distributions made to you after you separated from service with your employer if the separation occurred in or after the year you reached age 55.

Availability of advice- An IRA may offer you access to advice and services that may not be available in your employer's retirement plan. If you are not comfortable making investment decisions without professional assistance, you should consider whether your employer's retirement plan offers enough assistance for your needs.

## Regulation Best Interest Disclosure

### Retirement Services

If you want a professional to be able to consider all of your assets including those from the plan holistically, in a financial planning context, you may want to consider an IRA provider.

#### **Withdrawals - Non-investment considerations - Accessing your assets**

- It may be easier to access assets in an IRA than in your employer's plan, which may have restrictions on your ability to access assets before retirement age.
- IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
- Another exception to the 10% early distribution penalty is "72(t) payments" which permit annual distributions based on life expectancy. Employer plans may not always provide for 72(t) payments.
- If an individual separates from service during or after the calendar year in which he/she attains age 55, distributions from the employer's plans (but not IRAs) are exempt from the 10% early distribution penalty.
- Required Minimum Distributions (RMDs) must be taken from traditional IRAs beginning at age 70½. RMDs do not need to be taken from qualified plans until the later of age 70½ or retirement.

**Simplifying your accounts** - Combining all your retirement assets into one account can be beneficial in a number of ways:

- Fewer web sites, passwords and PIN numbers to remember.
- Simpler to calculate and take your annual required minimum distribution.
- Easier to keep track of all your retirement assets.
- And, if you consolidate into an IRA:
  - Easier to build and view an overall investment portfolio in combination with your non-retirement assets.
  - You won't be subject to changes in your employer's retirement plan or policies.

#### **Planning for wealth transfer (estate planning)**

- IRAs often permit more customization of beneficiary designations than an employer retirement plan.
- You can convert to a Roth IRA if you want to avoid taking RMDs and paying taxes on distributions. Your employer retirement plan may not have a Roth option

No client is under any obligation to rollover plan assets to an IRA managed by us. Please note that a recommendation to roll assets out of an employer-sponsored plan into an IRA typically results in more expenses and charges than if the assets were to remain in the plan.

Clients or prospective clients should speak to their representative about any questions they have regarding a possible engagement and the corresponding conflict of interest presented by such engagement.

## Regulation Best Interest Disclosure

### Pyramid Funds Corporation Investment Philosophy:

We believe in a thoughtful, straightforward investment philosophy – long-term investing with an emphasis on quality and diversification. We believe this long-term strategy is the best way to build and preserve your financial security.

After years of experience, we know that quality matters. We believe in the investment families we have chosen, due to solid management through good and bad markets. We strive to find the mutual funds or annuities that works well together in a diversified portfolio and are compatible with our buy-and-hold philosophy. This gives you and your financial professional a starting point for choosing investments depending on your goals, risk tolerance and your liquidity needs.

While diversification cannot protect you against a loss, it is one way to help reduce your risk. If your money is invested in just one or a few investments and one of them experiences some challenges, your entire financial strategy could be in trouble. Instead, we recommend building a portfolio that includes different types of investments that may perform differently over time. We use Equity Style Mutual Funds, Value and Growth Models, such as a portfolio that includes large companies, mid-size or small companies, and international companies. We also use fixed income mutual funds, such as total return bonds, high-yield bonds, short-term bonds or U.S. Government Bonds.

We work together to help you stay on track to meet your long-term goals and limit your risk. This means you and your financial professional can focus on which of those investments will work for you taking into consideration your personal goals, income needs and risk tolerance.

Your financial professional can use our team’s recommendations to provide investment choices that are appropriate for you.

You and your financial professional should review your portfolio at least once a year to make sure you are still on track to meet your financial goals.

Pyramid Funds Corporation is not acting as your fiduciary as defined by the Department of Labor.

**Compliance Obligation:** PFC has established, maintains, and enforces policies and procedures reasonably designed to achieve compliance with Regulation Best Interest as a whole. Our financial professionals exercise “reasonable diligence, care, and skill” in making recommendation, including: Understanding the potential risks, rewards and costs, and a reasonable basis to believe that a recommendation is in the best interest of a particular retail customer based on their investment profile, and doesn’t place the interests of the firm or broker ahead of the customer.