



# Frost Brokerage Services, Inc. & Frost Investment Services, LLC

## Form CRS – Relationship Summary

MARCH 2024

Frost Brokerage Services, Inc. is a registered broker-dealer with the U.S. Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). Frost Investment Services, LLC is a registered investment adviser with the SEC. Both firms are affiliates and wholly owned subsidiaries of Frost Bank. Brokerage and investment advisory services and fees differ. It is important that you understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

### Q. WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

#### Brokerage Services

As an introducing broker-dealer, Frost Brokerage Services, Inc.'s (“FBS”) primary service is buying and selling securities and developing investment strategies consistent with your stated investment objectives and risk tolerance. We offer margin trading through our clearing and custodial firm, National Financial Services LLC.

*Account Monitoring.* We do not provide account monitoring services for your brokerage accounts. Your financial professional may voluntarily review holdings in your brokerage accounts from time to time and may or may not make recommendations to you based on these reviews.

*Investment Authority.* You have the option to make your own investment decisions whether to buy or sell securities, or we can make buy or sell recommendations. In either case, you make all final decisions regarding the investments in your account.

*Investment Offerings.* We offer a wide range of investments to retail customers, including listed equities, exchange-traded funds (“ETFs”), listed options for qualified customers, mutual funds (including proprietary funds), fixed-income securities, and annuities. Brokerage and insurance products are **not FDIC insured**, are **not deposits, obligations, or guaranteed by Frost Bank**, and **may lose value**.

*Account Minimums and Other Requirements.* FBS does not require a minimum account size or investment amount.

For additional information, please refer to our [Regulation Best Interest \(“Reg BI”\) Disclosure](#). Reg BI applies to recommendations of any securities transaction or investment strategy involving securities (including account recommendations) to retail customers.

#### Investment Advisory Services

As a registered investment adviser, Frost Investment Services, LLC (“FIS”) provides access to a wide range of professionally managed investment strategies individually tailored to clients’ needs. Advisory services include:

- Risk-rated asset allocation models composed of your choice of proprietary mutual funds, unaffiliated mutual funds, or ETFs. Each model is assigned a risk rating, which allows FIS to view all available models at a given risk rating based on a client's risk profile.
- Separately managed accounts with access to a myriad of investment style-specific professionally managed portfolios composed of individual securities or a combination of individual securities, mutual funds, and ETFs. Investment portfolios can be selected from a roster of unaffiliated investment managers specializing in a variety of investment disciplines and may be combined with mutual funds and ETFs to meet a client's personal asset allocation requirements.
- Personalized investor portfolios using a variety of securities and investment strategies with the ability to incorporate multiple funds and strategies into a single account with each unique investment strategy identified as an investment "sleeve."

*Account Monitoring.* We conduct annual reviews to ensure advisory accounts are in line with stated objectives and risk profiles.

*Investment Authority.* We accept discretionary accounts only. In a discretionary account, we can buy and sell securities without your prior approval. By eliminating the need to seek approval for every transaction, we can quickly and efficiently implement portfolio and asset management strategies.

*Limited Investment Offerings.* We offer advice on a variety of securities and investment strategies, including proprietary products. However, our menu of products is generally limited to stocks, bonds, mutual funds, and exchange-traded products ("ETPs").

*Account Minimums and Other Requirements.* FIS has established minimum investment amounts for accounts that vary for each of its programs. Information regarding the account minimum for our different programs can be found in our [Investment Advisory Services Schedule of Fees](#).

For additional information please refer to our [Form ADV Part 2A Firm Brochure](#), Items 4, 7, 13, and 16, available on the SEC's investment adviser public disclosure website. It will help you learn more about our advisory business, types of clients, and account management.

## **Conversation Starter**

Questions you might ask a financial professional to start a conversation about relationships and services: Given my financial situation, should I choose an investment advisory service or a brokerage service? Should I choose both? 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?

## **Q. WHAT FEES WILL I PAY?**

The fees and costs you incur will vary depending on whether you are paying for brokerage services or investment advisory services.

### **Brokerage Fees**

You will pay a transaction-based fee every time you buy or sell an investment.

- If you buy or sell an equity, option, or ETF, you will be charged a fee in the form of a commission. Transactions you enter online will be charged a lower commission than transactions entered on your behalf by a brokerage representative.
- If you buy or sell certain bonds, your fee will be part of the price you pay for the investment (referred to as a "markup" or "markdown"). Markups and markdowns occur in principal transactions. For bonds purchased in agency transactions, you will pay a flat fee or commission per transaction. In the case of mutual fund purchases, you may pay a fee (referred to as a "sales load") that reduces the value of your investment at the time of purchase.

- Some investments, such as mutual funds and variable annuities, charge additional fees that will reduce the value of your investment over time. Additionally, these products may charge fees when you sell the investment, i.e., “surrender charges” for variable annuities and “contingent-deferred sales charges” for mutual funds.
- Certain accounts may be eligible for a negotiated, reduced commission schedule.

You are charged more when you have more trades in your account. Therefore, we have the incentive to encourage you to trade often.

If you purchase securities on margin, (i.e., you borrow against the value of your brokerage account), you will pay interest on the amount of money borrowed. Brokerage customers who do not meet the account minimum requirements described in the account commissions and fees schedule will be charged an annual custody fee. Individual retirement accounts are also subject to an annual fee.

For additional information please refer to [Brokerage Account Commissions and Fees](#) at [FrostBank.com](#).

## **Investment Advisory Fees**

Investment advisory accounts are charged a monthly fee based on the value of the cash and investments in your advisory account and not on the number of transactions made. However, the more assets you have in your advisory account, including cash, the more you will pay in fees. Therefore, we have an incentive to increase the assets in your account, although larger accounts may be eligible for a reduced fee.

Depending upon trading frequency and other factors, an asset-based advisory fee may cost more than transaction-based brokerage fees. Nevertheless, you may prefer an asset-based fee if you want continuing advice or want us to make investment decisions for you.

The advisory fee does not include other transaction costs or custody fees that may be applied to your assets. It also does not include management or other fees imposed by investment companies, including but not limited to, Frost-advised mutual funds or other investment advisers.

You will pay fees and costs whether you make or lose money on your investments. Over time, fees and costs will reduce any amount of money you make on your investments. Please make sure you understand the fees and costs you are paying.

For additional information please refer to our [Form ADV Part 2A Firm Brochure](#), Items 5 and 6, which is available on the SEC’s investment adviser public disclosure website.

## **Conversation Starter**

Questions you might ask a financial professional to start a conversation about the impact of fees and costs on investments: Can you 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?

**Q. 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?**

## **Standard of Conduct**

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we must act in your best interest and not put our own interest ahead of yours.

When we provide investment advice to you regarding your retirement plan account or individual retirement account (“IRA”), we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts.

At the same time, the way we make money creates certain conflicts of interest. You should understand and ask us about these conflicts because they can influence the recommendations and advice we provide you.

Here are some examples to help you understand what that means:

- *Proprietary Products.* Both the broker-dealer and investment adviser offer Frost Mutual Funds. Your purchase of Frost Mutual Funds benefits one of our affiliates, who earns management and advisory fees based on the size of the fund's assets. These fees indirectly benefit our parent company.
- *Third-Party Payments.* Third-party mutual funds and annuities may pay our broker-dealer additional compensation related to your investments. While not charged to you, these payments provide a financial incentive to recommend these products.

### **Conversation Starter**

Questions you might ask a financial professional to start a conversation about conflicts of interest: How might these conflicts of interest affect me, and how will you address them?

For additional information, please refer to the Frost Brokerage Services, Inc. [Regulation Best Interest Disclosure](#) at [FrostBank.com](http://FrostBank.com) or see our [Form ADV Part 2A Firm Brochure](#), Items 11, 12, and 18, which is available on the SEC's investment adviser public disclosure website.

## **Q. HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?**

### **Brokerage Accounts**

Brokerage representatives may be compensated based on commissions and fees generated by transactions made in your account, or they may be paid a salary. Regardless of how they are compensated, they have an opportunity to earn incentive compensation if they meet goals tied to total sales generated from commissions and fees, although incentives cannot be based on the sale of specific securities or types of securities within a limited period of time.

### **Investment Adviser Accounts**

Your investment adviser is paid based on the fees charged to you for the management of your investment advisory account, which are based on the value of the cash and assets in your account.

## **Q. DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE A LEGAL OR DISCIPLINARY HISTORY?**

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

### **Conversation Starter**

Questions you might ask a financial professional to start a conversation about the financial professional's disciplinary history: As a financial professional, do you have any disciplinary history? For what type of conduct?

For additional information or to request a copy of this relationship summary, please call us at (800) 292-1292 or contact your Frost wealth advisor.

### **Conversation Starter**

Questions you might ask a financial professional to start a conversation about contacts and complaints: Whom is my primary contact person? Are they a representative of an investment adviser or a broker-dealer? Whom can I talk to if I have concerns about how this person is treating me?