

# CUSTOMER RELATIONSHIP SUMMARY

EFFECTIVE AUGUST 1, 2024



ARETE  
WEALTH

Arete Wealth Management, LLC is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA), and the Securities Investor Protection Corporation (SIPC). Arete Wealth Advisors, LLC is an investment adviser registered with the SEC. Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. This summary provides some various considerations to help you make the decision regarding which accounts and services to utilize. 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.

## What investment services and advice can you provide me?

We offer both brokerage and investment advisory services to retail investors:

### Broker-Dealer Services

Our **BROKERAGE** services include buying and selling securities at your direction and providing you with investment recommendations and research. Securities and other investments available to brokerage account clients include domestic and international equities, options, fixed income securities, mutual funds, exchange traded funds (ETFs), structured products, private funds and investments, money market funds, and certificates of deposit (CDs). Arete representatives generally recommend a wide array of investment products depending on your investment objectives without product limitations, although we exclude private investments that we determine not to be appropriate for our product platform. Arete does not

have proprietary products. Unless we separately agree in writing, we do not monitor your brokerage account, we do not have an obligation to update recommendations, and we do not make implied hold recommendations. For brokerage accounts, you make the ultimate decision regarding the investment strategy and the purchase or sale of investments given your investment objective, risk tolerance, financial circumstances and investment needs.

### Investment Advisory Services

Our **INVESTMENT ADVISORY** services include discretionary advisory services, investment consulting, and financial planning provided pursuant to an Investment Advisory Contract and/or Investment Consulting Services and Financial Planning Services Agreement ("IAC") based on your goals, objectives, time horizon, and risk tolerance. The vast majority of accounts are managed on a discretionary basis, allowing us to select securities and execute transactions without getting permission from you prior to each transaction. Client portfolios are continuously monitored and are not limited to proprietary products or certain types of investments. We offer a wrap fee program and also can recommend a third-party adviser for you to use, although we generally do not monitor for third-party adviser conformity with investment guidelines. Our advisors also offer investment consulting on a non-discretionary basis, where we identify an appropriate investment strategy and provide investment recommendations, but you make the ultimate decision regarding the purchase and sale of investments. This includes providing advice and investment selection on accounts or holdings that are not with our custodians. We also offer financial planning, which can address investments; asset allocation; cash management; insurance, retirement, and educational planning; estate planning; wealth transfer; family office services; business owner advisory services, merger and acquisition advice, and private asset management. The nature and terms of your account will be agreed upon and memorialized in your IAC. We generally require a \$50,000 initial minimum account balance, which can be waived based upon the client's needs and the complexity of the account.

For additional information, please see [Arete's Regulation Best Interest Disclosures](#), and [Form ADV, Part 2A, Items 4 and 7](#).

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## CONVERSATION STARTERS

### Ask your financial professional:

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? 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?

## What fees will I pay?

Arete's fees are based on the types of services we provide.

For **BROKERAGE SERVICES**, you will typically pay us a fee (a "commission") every time you buy or sell an investment. Depending on the investment product you select, these fees vary and can be an up-front commission paid by you and deducted from the amount you invest, or a payment made to us by a product sponsor out of your investment amount. Some investments, such as mutual funds and variable annuities, charge additional fees over the life of the investment, which will reduce the value of your investment over time. With respect to unregistered private funds recommended by Arete and its representatives, the applicable fees and expenses are set forth in the relevant offering documents, including the private placement memorandum. Also, some investments charge a surrender fee to sell the investment. Because we are compensated for transactions, we have an incentive to encourage you to engage in securities transactions, in greater amounts, and in higher compensating asset classes because we receive more revenue when you do so. Custodians can charge you additional fees for their services, such as custodian fees, account maintenance fees, and account inactivity fees.

For **ADVISORY SERVICES**, you will pay us an annual fee charged as a percentage of assets under management and assets under advisement (in the case of accounts and holdings that are not with our custodians). Our fees vary

and are negotiated, and will be contained in the IAC and/or Financial Planning Agreement. Fees are generally charged monthly in arrears (but can also be charged using various other timeframes and methods such as quarterly in advance), and will be deducted from your account on a scheduled basis as agreed upon. The asset-based fee reduces the value of your account. The more assets there are in your account, the more you will pay in fees, and Arete may therefore have an incentive to encourage you to increase the assets in your account. Some investments, such as mutual funds and variable annuities, charge additional fees over the life of the investment, which will reduce the value of your investment over time. With respect to unregistered private funds recommended by Arete and its Advisors, the applicable fees and expenses are set forth in the relevant offering documents, including the private placement memorandum. You may also be charged a transaction fee when we buy or sell an investment for you, and you will pay fees to the custodian that holds your assets. The amount paid to the firm and your financial professional generally does not vary based on the type of investments selected in your managed account. You pay our fee even if there are no transactions in your account. Arete offers a wrap fee, which will consolidate most of your fees, including those for investment advice, execution and clearing of transactions, custody of assets and record-keeping services. Because asset-based fees associated with the wrap fee program will include most transaction costs and custody fees, they are therefore higher than a typical asset-based advisory fee. Even with a wrap fee, there may be additional amounts you will have to pay, such as mutual fund charges, structured product charges, national securities exchange fees, charges for transactions not executed through your custodian, currency exchange expenses, wire transfer fees, and other fees required by law. Investment consulting and financial planning fees are charged either as hourly fees or as a flat fixed fee. The fees for these services are negotiable, and the final fee structure will be disclosed in the Financial Planning Agreement.

**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.**

For additional information, please see [Arete's Regulation Best Interest Disclosures](#), and [Form ADV, Part 2A, Items 5.A., B., C., and D, Arete's IAC](#), and the relevant offering documents of the investment products you purchase.

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## CONVERSATION STARTER

### Ask your financial professional:

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

## What are your legal obligations to me when providing recommendations 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 you. Here are some examples to help you understand what this means.

### Examples of Ways We Make Money and Conflicts of Interest:

**Other Lines of Business:** In addition to the broker dealer and investment adviser, Arete has an affiliate company, Arete Insurance Agency, LLC, that sells insurance, and our firm and financial professionals may receive commissions from the sale of insurance products and services. Arete has another affiliate company, Arete Consulting, LLC, that provides consulting services on specialized projects, and our firm and financial professionals may receive fees from the services they provide to clients.

**Financial Interest:** We offer some investments in which individuals associated with Arete have an interest and may get a financial or other benefit from your investment. For example, some products have an Arete financial professional who is the general partner of the investment and who directs the investment theory or business decisions of that investment. Arete also receives investment advisory fees for advising certain private funds which its financial professionals may recommend to clients.

**Limited Product Offerings:** Some of our broker representatives are also employed by an affiliate of an investment sponsor, and offer only the products of that investment sponsor. Those products may or may not be the best investment you can find.

**Third-Party Products:** We receive fees, payments, credits, reductions in our costs and/or conference support from third-party money managers, sponsors, intermediaries, and platform providers (or their affiliates), including from our clearing broker(s) and third-party asset management platform providers.

**Revenue Sharing:** Certain managers, funds, sponsors, intermediaries and platform providers (or their affiliates), including our clearing firms/custodians, share the revenue they earn when you invest in certain of their investment products with us. As such, we have an incentive to recommend or invest your assets in products of managers, funds, sponsors and platform providers that share their revenue with us, over those that share a smaller portion of their revenue or do not share their revenue.

**Managing Broker-Dealer Services:** We receive payments and fees for advising and assisting sponsors on their offerings of publicly registered and private placement securities and in distributing those securities through a selling group syndicate. One component of our fees is a percentage of sales. As such, we have an incentive to recommend or invest your assets in the securities for which we are a managing broker-dealer.

## CONVERSATION STARTER

### Ask your financial professional:

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

For additional information, please see [Arete's Regulation Best Interest Disclosures](#), and [Form ADV, Part 2A, Items 4, 10, and 14](#).

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## How do your financial professionals make money?

Some of our financial professionals are only broker representatives, and some are only investment advisers. Some are both, and some of our broker representatives have their own registered investment adviser that is not affiliated with Arete. Some of our financial professionals are also independent insurance agents or agents with Arete's insurance company. When acting in these capacities, they will earn commissions. Some of our broker representatives (those who make limited investment recommendations) are also employed by and receive salaries from affiliates of the sponsor of the investment they sell. This information is disclosed in the applicable offering documents. Some of our financial professionals receive incentives to join Arete, including loans with forgivable terms and ownership interest.

Our financial professionals receive a portion of the revenue the firm earns from the financial professional's brokerage and/or advisory services provided to you. The amount of revenue earned by the firm varies based on a number of factors including, but not limited to: your negotiated agreement with the firm, an investment's asset class (for example, equities versus fixed income), product type, type of account and other account features (for example, margin or securities lending). Therefore, the financial professional has incentive to trade more frequently and recommend, buy or sell investments that pay us more in commissions in a brokerage account, or increase assets in an advisory account, including through riskier investments to increase performance. The portion paid to your financial professional generally does not vary based on the type of investments that he or she recommends. If the financial professional is an owner of Arete's holding company, Arete Wealth, Inc., he or she may receive a distribution of the holding company's profits. Financial professionals also receive the occasional gift, meal, entertainment and/or attendance at conferences which may lead to recommendation or use of these vendors' products and services over vendors that do not provide them with non-cash compensation.

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

Yes.

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

### CONVERSATION STARTER

#### Ask your financial professional:

- As a financial professional, do you have any disciplinary history? For what type of conduct?

### CONVERSATION STARTER

#### Ask your financial professional:

- 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?

For additional information about our services, visit our website at [Aretewealth.com](https://Aretewealth.com). For additional information about our advisory services, visit the SEC's website at [www.adviserinfo.sec.gov](https://www.adviserinfo.sec.gov) and search for CRD # 145488. If you would like additional, up-to-date information or a copy of this disclosure, please call (312) 940-3684.