

## **CUSTOMER RELATIONSHIP SUMMARY (FORM CRS) – APRIL 1, 2023**

OFG Financial Services, Inc. (“OFG”) is a registered broker-dealer and investment adviser with the U.S. Securities and Exchange Commission (“SEC”) and with various states. Broker-dealer and investment advisory services and fees differ, and it is important for you, the retail investor, to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which provides educational materials about broker-dealers, investment advisers, and investing in general. OFG is also a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”).

### **WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?**

OFG offers securities brokerage services and investment advisory services to retail investors. This includes investment products such as mutual funds, variable annuities, retirement plan mutual fund platforms, Section 529 College Savings Plans, individual stocks and bonds, and other general securities. OFG Representatives typically do not recommend specific securities but are involved in significant discussions with retail investors about which products may be in your best interest, based on your investment objectives, risk tolerance, time horizon, investment experience, and other factors. Account monitoring services of retail investors’ investments are not part of OFG’s standard services. OFG does not accept accounts on a discretionary basis, which means the retail investor (not the OFG Representative) makes ultimate decisions regarding the purchase, sale, and allocation of investments. OFG has a wide range of products available to retail investors, and the only limitation as to whether OFG can offer a specific securities product will be whether OFG has an approved selling agreement with the applicable investment’s custodian. OFG has no firm-established investment minimums other than a minimum which may be imposed by the custodian of the funds. More detailed information about OFG’s services can be found in regulatory documents at [www.adviserinfo.sec.gov/firm/summary/23940](https://www.adviserinfo.sec.gov/firm/summary/23940).

### **QUESTIONS FOR A RETAIL INVESTOR TO ASK A FINANCIAL PROFESSIONAL:**

- Given my financial situation, should I choose a brokerage service? Should I choose an investment advisory 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?**

Fees assessed to your account by OFG will differ based on the type of investment account you have. For broker-dealer accounts, OFG’s fee, or “commission”, will typically be set forth by the prospectus for the investment account you have. For transaction-based fees, a retail investor could be charged more when there are more trades in your account, so investors should be cognizant of this fact. For investment advisory accounts, OFG’s fee will be set forth by the Investment Management Agreement executed between OFG and the customer.

**Mutual Fund Products, A-Shares** – For A-share mutual fund products, the mutual fund custodian will assess an initial front-end sales charge ranging 1.0% - 5.75%, depending on the mutual fund family selected and the amount of money invested. The front-end sales charge typically starts at 5.75% for an investment less than \$25,000, and the charge is reduced when a customer invests higher amounts of money with a given mutual fund custodian. For example, for a customer who invests \$100,000 with a particular fund family, the front-end sales charge could reduce from 5.75% to instead around 3.50%. These breakpoint thresholds typically continue up to \$1 million where the front-end sales charge is eliminated. OFG will receive a front-end commission from this sales charge ranging 1.0% - 5.0%, depending on the breakpoint achieved. Your account will also be charged an annual asset-based fee by the custodian, typically ranging 0.60% - 1.50%, of which OFG will receive an annual 0.25% commission.

**Mutual Fund Products, C-Shares** – For C-share mutual fund products, the mutual fund custodian will NOT assess a front-end sales charge. Instead, the annual asset-based fee charged by the custodian will be higher than those for A-shares, typically ranging 1.20% - 2.20%, of which OFG will receive an annual commission of 1.0%. Your higher C-share account fees may convert to fees comparable to A-shares (typically 0.60% - 1.50%) after 8-10 years of holding the C-share mutual fund investment.

**Retirement Plan Platforms** – For employer-sponsored retirement plans, OFG offers a range of products which may charge fees and pay commissions similar to the A-share or C-share mutual fund options mentioned above. There could be a surrender schedule/penalty in certain circumstances.

**RBC Brokerage Accounts** – Within brokerage accounts, if you hold mutual funds, fees will be assessed similar to the above descriptions of A-share and/or C-share mutual fund products. If you invest in Unit Investment Trusts within your brokerage account, you may be charged an initial sales charge ranging 1.5% - 4.0% depending on the product. OFG would typically receive a commission from this sales charge ranging 1.25% - 3.0%. In addition, transaction-based fees could be applicable to your brokerage account each time a trade is executed within the account, and you may also have an annual account maintenance fee and/or an account closing fee. If an RBC Credit Access Line is established on your RBC brokerage account, OFG could receive interest-sharing payments relating to the Credit Line.

**Variable Annuity Products** – For variable annuity products, typically you will be charged annual mortality/expense risk charges ranging 1.0% - 1.3%, annual administrative fees typically ranging 0.10% - 0.30%, annual contract maintenance fees typically ranging \$30-\$50, annual mutual fund expenses typically ranging 0.50% - 2.4%, and applicable fees for additional optional benefits. OFG could receive a front-end commission typically ranging 1.0% - 4.0% depending on the product selected. OFG could also receive an annual commission after the first year ranging 0.5% - 1.0%. Your account may be subject to a surrender schedule/penalty.

**Investment Advisory Accounts** – For investment advisory accounts, OFG charges an annual asset-based fee, typically 1.0%. For some customers, OFG’s fee is reduced in accordance with a breakpoint threshold schedule. OFG’s fees will be outlined in your Investment Management Agreement executed with OFG. In addition, the custodian of your account could assess certain fees to your account, including mutual fund fees typically ranging 0.10% - 1.0%, administrative fees typically ranging 0.10% - 0.30%, and/or account maintenance fees.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Please also refer to your investment product's prospectus and understand the risks associated with your investment. More detailed information about OFG's fees and costs can be found in regulatory documents at [www.adviserinfo.sec.gov/firm/summary/23940](http://www.adviserinfo.sec.gov/firm/summary/23940).

**Discussion Item:** *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 interests 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.

For mutual funds, as described above, A- and C-shares differ in the areas of higher/lower upfront compensation or higher/lower annual asset-based fees. These differences could present a conflict of interest and could give an OFG Representative a financial incentive to recommend share classes with a higher front-end commission or higher annual asset-based commissions.

OFG has a persistency/sales bonus program established with one custodian, Security Benefit. The custodian will pay an annual bonus to OFG based on each Representatives' retention of selected current accounts and based on their new sales of Security Benefit products. This program could create a conflict of interest and could give an OFG Representative an incentive to recommend you utilize a Security Benefit investment product or remain a Security Benefit customer.

Your OFG Representative could receive year-end bonuses from OFG based on certain performance incentives pre-determined each year by OFG. These bonuses are not attached to the sale of any specific products, but rather are typically based on the commissions growth/production associated with the Representative's overall book of OFG securities business.

There could be an incentive and a conflict of interest relating to trading your account more often, as trading more often could result in additional commissions to your OFG Representative. More detailed information about OFG's conflicts of interest can be found in regulatory documents at [www.adviserinfo.sec.gov/firm/summary/23940](http://www.adviserinfo.sec.gov/firm/summary/23940).

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employment Retirement Income Security Act (ERISA) and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. Again, the way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must: (1) Meet a professional standard of care when making investment recommendations (give prudent advice); (2) Never put our financial interests ahead of yours when making recommendations (give loyal advice); (3) Avoid misleading statements about conflicts of interest, fees, and investments; (4) Follow policies and procedures designed to ensure that we give advice that is in your best interest; (5) Charge no more than is reasonable for our services; and (6) Give you basic information about conflicts of interest.

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

**HOW DO FINANCIAL PROFESSIONALS MAKE MONEY?**

OFG's Representatives work on a commission- or fee-only basis, and typically receive 70-75% of the gross compensation received by OFG from custodians. A Representative's commission or fee generally depends on the services and products being provided. Conflicts of interest relating to Representatives' activities and commissions are described above.

**DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?**

Yes, OFG and OFG Representatives have legal or disciplinary histories. Retail investors should visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research OFG and OFG Representatives. You may research your Representative's experience and licenses on FINRA's BrokerCheck website at [brokercheck.finra.org](http://brokercheck.finra.org). Retail investors should ask their OFG Representative the question: "As a financial professional, do you have any disciplinary history? For what type of conduct?"

Retail investors can find additional information about OFG's brokerage or investment advisory services, or request a copy of the Customer Relationship Summary, by visiting [ofgfinancial.com](http://ofgfinancial.com), or by calling OFG at (785) 233-4071.

**Discussion Item:** 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?

**ATTESTATION:** I attest to receiving this Customer Relationship Summary and discussing it with my OFG Representative.

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CLIENT SIGNATURE

CLIENT NAME

DATE

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OFG REPRESENTATIVE SIGNATURE

OFG REPRESENTATIVE NAME

DATE