

Additional Compensation from Product Sponsors

Harbour Investments, Inc. (Harbour) receives standard commissions and servicing fees (referred to as 12b-1 fees) from product sponsors based on sales, as described in the prospectuses of the applicable products. In addition, Harbour receives from certain product sponsors additional compensation based on sales or a fixed amount and expense reimbursements (“Additional Compensation”). These payments are paid to Harbour out of the revenues of the sponsoring investment company or insurance company and are NOT paid out of fund assets. Harbour utilizes this Additional Compensation to assist in training, education, and marketing.

The product sponsors who provide this Additional Compensation are considered Harbour’s “Participating Sponsors”. Our Participating Sponsors have been chosen for their ability to provide consistent long-term performance and a history of offering products that meet the financial needs of our investors. This Additional Compensation is not received by our Registered Representatives, but instead comes to Harbour itself. Additional compensation accounts for less than 1% of Harbour’s total compensation.

Harbour currently offers choices from over 250 mutual fund and insurance companies to help serve your financial needs. Harbour offers no proprietary products. Before we offer any independent mutual fund or insurance product, we review and evaluate the product and the product sponsor. Our evaluation is based on several factors including the number and variety of investments offered, track record, the financial stability of the sponsoring company and advanced training ability.

In the normal course of doing business, both Harbour and our Registered Representatives receive compensation for the sale of securities, including mutual funds and insurance (both variable and fixed products). This compensation is typically in the form of commissions and servicing fees (referred to as 12b-1 fees) as described in the product prospectus. Should the investor also choose an investment advisory asset management service, both Harbour and the Registered Representative will share in the investment advisory fee paid by the investor.

As of January 2016, the following mutual fund and insurance product companies are currently Harbour Participating Sponsors: Nationwide, Franklin Square, VOYA, American Funds, AXA Equitable, ECA Marketng, Flexible Plan Investments, Forethought, Good Harbor Financial, Horter Investment Mangement, Jackson National, Sammons, Sierra Mutual Funds, TD Ameritrade, InSource and Newman Long Term Care. The Participating Sponsor’s additional compensation ranged from \$1500 to \$35,000 in 2015. In return for these payments, Harbour’s Participating Sponsors have greater access to our Registered Representatives to provide training and other educational presentations and product information so that they can better serve investors. This greater access could lead our Registered Representatives to focus on these sponsors when recommending products to our clients instead of products from non-sponsors that have normal access.

PAS Marketing Disclosure

Harbour has an agreement with Pershing Advisory Solutions (“PAS”) for the marketing of certain brokerage services provided by PAS to registered investment advisors (“RIA”) and their customers. In this agreement Harbour may receive fees from PAS for RIAs that are referred to PAS and as a result utilize PAS services. The fees that may be received are not charged to any clients. Harbour is not affiliated with PAS in any way. Harbour merely has a marketing agreement with PAS for the referral of RIAs and their customers. Harbour endeavors at all times to put the interest of its clients first. Clients should be aware, however, that the receipt of economic benefits by Harbour or its IARs in and of itself creates a potential conflict of interest and may indirectly influence the choice of PAS for custody and brokerage services.