

Estimated Annual Income and Estimated Yield

The following disclosure pertains to estimated annual income (EAI) and estimated current yield (ECY) figures displayed on Pershing LLC's brokerage account statements.

The EAI and ECY figures are estimates and for informational purposes only. These figures are not considered to be a forecast or guarantee of future results. These figures are computed using information from approved third party providers; however, no assurance can be made as to the accuracy. Since interest and dividend rates are subject to change at any time, and may be affected by current and future economic, political and business conditions, they should not be relied on for making investment, trading or tax decisions. These figures assume that the position quantities, interest and dividend rates, and prices remain constant. A capital gain or return of principal may be included in the figures for certain securities, thereby overstating them.

The EAI, Estimated Yield and Accrued Interest are not available for variable rate securities and will not be displayed on your brokerage account statement.

The EAI figure for U.S. government, corporate and municipal securities is computed by multiplying the coupon rate by the quantity of the security, and then dividing that figure by 100. The resulting figure is reflected on the brokerage account statement in the EAI field.

The EAI for equity, mutual fund, unit investment trust and exchange-traded fund securities is computed using either a historical methodology (HM) or projected methodology (PM), depending on the information from the issuer. The PM annualizes the latest regular cash dividend. The HM accumulates the regular cash dividends over the past 12 months. If there is less than one year of dividend history, the accumulated dividends are annualized. The EAI for preferred securities is computed using the PM. The HM or PM figure, whichever is calculated, is then multiplied by the quantity of the security and the resulting figure is reflected on the brokerage account statement in the EAI field.

The following are important caveats to the HM figure and PM figure.

- The figure is denominated in the same currency as the dividend announcement.
- The figure does not contemplate special or extra dividends.
- When a security pays its first dividend with no specificity as to dividend frequency, the initial dividend will be the reported figure.
- If a security announces a stock split and does not announce a new dividend rate, the figure will be adjusted on the ex-distribution/dividend date.
- For a called security, the figure will remain unchanged until the payment date, at which point it will revert to zero.
- The figure for Canadian securities is calculated the same way as for U.S. securities.
- The figure for mutual funds only includes dividends treated as income.
- The figure will be zero under the following scenarios: a security that has only paid capital gains during the preceding year; a security that has only had stock splits, stock (not cash) dividends or reverse stock splits during the preceding year; a security other than an open-end mutual fund (excluding a money market fund), American Depositary Receipt (ADR) preferred, or exchange-traded fund which rescinds or omits a dividend payment; and a security from an issuer which is in arrears and uncertain about its ability to make a dividend payment.

The ECY figure is computed by dividing the EAI figure by the current market price of the security, which may be higher or lower than the purchase price, and then the figure is multiplied by 100. The resulting figure is reflected on the brokerage account statement in the ECY field. With specific regard to a fixed income security, the initial purchase confirmation oftentimes reflects yield to maturity, yield to call and/or yield to worst figures, which are more relevant figures from the point of purchase.

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