

REGULATION BEST INTEREST

On June 5, 2019, the Securities and Exchange Commission (SEC) adopted Regulation Best Interest which establishes a new standard of conduct under the Securities Exchange Act of 1934 for broker-dealers and associated persons of broker-dealers. *Regulation Best Interest does not apply to investment advisers and associated persons of investment advisers.*

When making a recommendation of any securities transaction or investment strategy, your broker dealer representative must act in your best interest at the time the recommendation is made, without placing their or their firm's financial interest or other interest ahead of you.

- A recommendation would be a communication that could reasonably be viewed as a call to action and could reasonably influence an investor to open an account, trade a specific security or group of securities.
- Account recommendations include recommendations to open an account, a type of securities or a suggestion to roll over or transfer assets, including IRAs or retirement assets.
- Securities transactions or investment strategies include explicit hold recommendations or recommendations to buy or sell assets

Because your assets are held in a brokerage account, and not an adviser account, Regulation Best Interest applies to the handling of your account.

Your Registered Representative

- Your registered representative (registered rep) will make investment recommendations that he/she believes are in your best interest.
- You will incur a transaction fee (a commission) for trades. The minimum commission charge is \$30. The commission charged will typically range from 0.5 % to 3% of the principal amount. You will also incur a fee for specific actions taken in your accounts, for example an IRA custodial fee, a fee to wire funds or a fee for new checks. This fee schedule will be provided to you upon request.
- Your registered representative will make recommendations to you which are consistent with their understanding of your assets, risk profile and objectives.
- Your registered representative is not responsible for ongoing monitoring of your account, or contacting you. The lack of recommendations cannot be construed as an implicit recommendation to hold a security.
- There is a risk that the recommended investment will not perform as anticipated.

- When a recommendation is made to transfer an account or assets, consideration will be given to the products and services that would be provided, the cost to you, alternative account types, services that might be requested by you and your investment profile.
- Your registered representative is compensated based on a portion of the commissions charged in your account, or the fees associated with mutual funds that you hold. This could serve as a motivation for your registered rep to trade more frequently and in larger volume.
- Your registered rep does not receive any additional compensation based on the types of product that is sold, or a specific product sold.

Your Broker-Dealer (Rodgers Brothers Inc.)

- Rodgers Brothers Inc., your broker-dealer, supervises your registered rep by ensuring that there is a clear understanding of your goals and risk parameters when your account is opened, which serves as a basis for recommendations.
- Rodgers Brothers utilizes a combination of investment styles, matching investments to a client's investment profile.
- Rodgers Brothers will discuss potential investments that may be recommended to you by your registered rep and review the trading in your accounts with the intent of ensuring that your trades are appropriate and in your best interest.
- Rodgers Brothers will maintain and enforce written supervisory procedures designed to monitor trading activity and address potential conflicts of interest between you and your broker.

Potential Conflicts of Interest

Rodgers Brothers dba Monongahela Capital Management is the adviser for the Monongahela All Cap Value Fund. This is a no-load mutual fund which utilizes a value style of investing. As the investment adviser, Rodgers Brothers dba Monongahela Capital Management will receive compensation for the management of the fund of 75 basis points (0.75% per annum).

Your registered rep may recommend the Monongahela All Cap Value Fund, if appropriate in meeting your investment objectives.

Additional Information

If you would like a complete schedule of fees, please contact Rodgers Brothers or your registered rep and it will be provided to you.

If you have any questions or would like to discuss this information further, please contact your registered rep or Mark Rodgers at 724-473-4003.