LightPath Capital

Regulation Best Interest Disclosure

June 30, 2020

This guide summarizes important information concerning the scope and terms of the brokerage services we offer and details the material conflicts of interest that arise through our delivery of investment services to you. We encourage you to review this information carefully, along with any applicable investment and disclosure documentation you receive from us.

Brokerage Services

We are a limited purpose broker-dealer and conduct business primarily in private placements, including real estate 1031 Exchanges utilizing Delaware Statutory Trusts (DST) syndicated offerings, capital raises for companies, mergers and acquisitions, as well as fundraising for Private Equity and Venture Capital Funds. Due to the nature of our specialized business model, our clientele is generally high net worth or accredited individuals ("retail investors") and institutional investors, as well as small to medium size companies. For the purpose of this relationship summary, we will be focusing solely on the retail investors.

Incidental Services, Recommendations & Investment Monitoring

We may provide other incidental services, and/or recommendations to buy, sell, or hold assets. When we make an investment recommendation, investment strategy recommendation or recommendation to rollover assets from the sale of real estate into a Delaware Statutory Trust (DST) via a 1031 Exchange, the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is important for you to understand that when our financial professionals make an investment recommendation to you, we are obligated to ensure the recommendation is in your best interest, by considering reasonably available alternatives, and based on your stated *investment objective*, *risk tolerance*, *liquidity needs*, *time horizon*, *financial needs*, *tax status*, and other financial information you provide us. You may accept or reject any recommendation. *It is also your responsibility to monitor the investments in your portfolio, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your investments.* If you prefer on-going monitoring of your account or investments, you should speak with a financial advisor about whether an advisory services relationship is more appropriate for you.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your investment portfolio. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic portfolio reviews. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your portfolio, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular investment in your portfolio. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

Understanding Risk

It is important for you to understand that all investment recommendations and activities involve risk, including the risk that you may lose your entire principal. Further, some investments involve more risk than other investments. Higher-risk investments may have the potential for higher returns but also for greater losses. The higher your "risk tolerance," meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more you may decide to invest in higher-risk investments offering the potential for greater returns. We align risk tolerances with investment needs to offer you different investment objectives from which to choose (see below). You should select the investment objective and risk tolerance best aligned with your brokerage account goals and needs.

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with **"Income"** investors typically holding the smallest percentage of higher-risk investments, followed by **"Growth and Income"** investors holding some higher-risk investments, and finally **"Growth"** investors holding a significant portion of their portfolio in higher-risk investments. ***Risk tolerance*** also varies and we measure it on a continuum that increases from **"Conservative"** to **"Moderate"** to **"Aggressive"** and finally **"Speculation"**.

See the chart on the following page for details.

Our recommendations are based in part on your risk tolerance and investment objective as outlined in the chart. We encourage you to carefully consider your investment objective and risk tolerance before investing.

******It is important for you to keep your risk tolerance and investment objectives up to date as your needs change.******

Investment Objective	Investment Objective Description	Risk Tolerance	Risk Tolerance Definition
Income	*Income* portfolios emphasize current income and minimal consideration for capital appreciation and usually have less exposure to more volatile growth assets.	Conservative Moderate Aggressive	***Conservative Income*** investors generally assume lower risk, but may still experience losses or have lower expected returns. ***Moderate Income*** investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns. ***Aggressive Income*** investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth & Income	*Growth and Income* portfolios emphasize a blend of current income and capital appreciation and usually have some exposure to more volatile growth assets.	Conservative Moderate Aggressive	***Conservative Growth & Income*** investors generally assume lower risk, but may still experience losses or have lower expected returns. ***Moderate Growth & Income*** investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest returns. ***Aggressive Growth & Income*** investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth	*Growth* portfolios emphasize capital appreciation with minimal consideration for current income and usually have significant exposure to more volatile growth assets.	Conservative Moderate Aggressive	***Conservative Growth*** investors generally assume lower risk, but may still experience increased losses or have lower expected growth returns. ***Moderate Growth*** investors are willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive higher returns. ***Aggressive Growth*** investors seek a higher level of returns and are willing to accept a high level of risk that may result in more significant losses in exchange for the potential to receive significant returns.
Speculation	***Speculation*** investors seek out a maximum return through a broad range of investment strategies which generally involve a high level of risk, including the ***potential for unlimited loss of investment capital.***		

In addition to your ***Investment Goals*** and ***Risk Tolerance***, your ***Liquidity Needs*** play an important role in determining whether an investment is suitable for your particular situation. Before committing to an investment ask yourself ***"How important is the ability to quickly and easily convert to cash all or a portion of this investment without experiencing significant loss in value from, for example, the lack of a ready market, or incurring significant costs or penalties?"***.

How We Are Compensated—Conflicts of Interest

All businesses at times face conflicts of interest and it is our duty to clients to disclose them, so you understand what they are and how we strive to mitigate them. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially averse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our financial professionals, our clients and third parties. We offer a limited range of investment services and products, which in turn means we receive limited forms of compensation. Securities rules allow for us and our financial professionals to earn compensation when we provide investment services to you. However, the compensation that we and our financial professionals receive from you varies based upon the product or service you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation to us.

We receive direct and indirect compensation in connection with your accounts. Direct compensation is paid directly from you. Indirect compensation is compensation paid in ways other than directly from you and may impact the value of the associated investment.

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing investment recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to our business relationship.

Commissions

Our primary source of revenue is from the "Selling Commissions" received from the Delaware Statutory Trust (DST) investment recommended to you. The amount of "Selling Commissions" received by the firm, and in turn passed on in whole or in part to the financial professional involved in the transaction, varies but is fully disclosed in the Private Placement Memorandum (PPM) provided to you for your review. Because we are compensated based on a percentage of the amount invested, we have an incentive to encourage you to invest a larger amount. In addition, since each DST may pay a different commission percentage, we have an incentive to recommend the DST that generates greater compensation to us.

In addition to the "Selling Commissions", some DST's will pay an additional marketing allowance to the firm, which creates another incentive to recommend one DST over another.

When investing in a Delaware Statutory Trust, you will receive the Private Placement Memorandum (PPM), which discloses the commissions, as well as other fees and expenses associated with that specific investment.

******These fees and expenses reduce the overall value of your investment.******

Non-Cash Compensation

From time to time, LightPath Capital and/or its representatives when engaged in a capital raise for a company, either start-up or seasoned company, may receive non-cash compensation associated with the raise. This non-cash compensation can be in the form of stock, options, or warrants in the company, which creates a conflict of interest and incentive to recommend you invest in the capital raise.

Ownership of Investments

LightPath Capital, its affiliates, representatives and their families, and charitable organizations may purchase the same investments in accordance with our compliance procedures. The personal securities transactions by LightPath, its affiliates, representatives and their families may raise potential conflicts of interest when they invest in the same investment being recommended for a client to purchase or sell. LightPath Capital has adopted policies and procedures that are intended to address these conflicts of interest. However, since LightPath, its affiliates, representatives and related accounts may own the same investment as recommended to clients, we have a similar stake in the performance of the investment.

Retirement Rollovers

On a limited basis, LightPath Capital will allow an investor to use retirement money to invest in a capital raise or Private Equity or Venture Capital Fund. Recommending a client rollover an existing workplace retirement plan, such as a 401K, into an Individual Retirement Account (IRA) for the purpose of this type of investment, creates an inherent conflict of interest. Before moving assets, you should consider a variety of factors including, but not limited to:

- Fees and expenses
- Level of services available
- Available investment options
- Ability to take penalty-free withdrawals
- Application of required minimum distributions
- Protections from creditors and legal judgements

Conclusion

While it is impossible to identify all potential conflicts of interest, the above descriptions are provided to keep you better informed and detail the inherent conflicts in our industry. If you have any questions, please speak to your financial professional, or our Chief Compliance Officer.

Financial Professional Compensation

Financial professionals may be compensated in a variety of ways, including base salary and commissions based on the revenue generated from sales of products and services to clients. This compensation may vary by the product or service associated with an investment recommendation. Thus financial professionals are incentivized to recommend products that have higher commission payouts.

Typically, a financial professional's payout schedule (periodically adjusted by us at our discretion) increases with production. As a result, financial professionals have an incentive to provide investment recommendations that result in selling more investment products and services, as well as investment products and services that carry higher fees. Financial professionals have an incentive to recommend you rollover assets from a Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA) in order to invest in a Private Equity Fund, Venture Capital raise, or some other investment because of the compensation they will receive. We maintain policies and procedures designed to ensure that rollover recommendations are in your best interest.

In rare instances, a financial professional may invest their own capital and form a single purpose vehicle investing in late stage technology companies. In these investments they receive a carried interest after the investors capital has been returned. This creates a direct conflict of interest between the financial professional and the investor.

Financial professionals may also receive promotional items, meals, entertainment, and other noncash compensation from product providers.

Important Information About Our Services

Neither LightPath Capital nor any of its employees or financial professionals provide tax or legal advice. Your individual situation is unique, and you should consult your personal tax and/or legal advisors regarding your personal circumstances. This is especially important when considering a 1031 Exchange or when moving money away from an existing retirement plan.