

Phoenix Financial Services — AI Tools Risk Disclosure

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1. Purpose and Scope

1.1

This Disclosure explains the risks of using artificial intelligence and other automated tools made available through our services, and the limits of what their output can be relied on to do. **Read it before you use any AI-assisted feature, and before you act on anything one produces.**

1.2

This Disclosure applies to our mobile applications for iOS and Android, our website at www.phoenixinc.com, the Phoenix Investor Portal, our broker portal, and any other service through which we make AI Tools available (together, the “Services”).

1.3

This Disclosure is written to cover AI Tools generally, including features we add over time. It applies to whichever AI Tools are available to you at a given time.

2. Who This Disclosure Covers

2.1

This Disclosure is issued by **Phoenix Financial Services**, a broker-dealer registered with the U.S. Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”), CRD number 144403.

2.2

Phoenix Financial Services and PHX Financial, Inc. are the same company. The names “Phoenix Financial Services,” “PHX Financial, Inc.,” “Phoenix Financial,” and “PHX” all refer to that one registered broker-dealer. In this Disclosure, “PHX,” “we,” “us,” and “our” mean that company together with its affiliate **Kese Technologies LLC**.

2.3

Axos Clearing LLC is our clearing firm and is a separate, unaffiliated company. It is not included in “we,” “us,” or “our” in this Disclosure.

3. What We Mean by AI Tools

3.1

“AI Tools” means features within the Services that use artificial intelligence, machine learning, large language models, or other automated or algorithmic methods to produce output, rather than that output being written or calculated by a person. Depending on the features available to you, AI Tools may:

- summarise news articles, filings, research, or company information;
- produce research, analysis, or commentary about companies, securities, or markets;
- generate sentiment indicators, scores, ratings, or rankings;
- screen, filter, compare, or rank securities or opportunities;
- answer questions through a conversational assistant; or

- personalise what is shown to you within the Services.

3.2

“AI Output” means anything produced by an AI Tool.

3.3

AI Output is **Data** as defined in our Data Disclaimer, and everything in that document applies to it in addition to this Disclosure.

4. AI Output Is Not Investment Advice

4.1

AI Output is provided for informational and educational purposes only. It is not personalised investment advice, a recommendation, a solicitation, or an offer to buy or sell any security, and it is not tax, legal, accounting, or regulatory advice.

4.2

AI Output does not take account of your circumstances — your financial situation, investment objectives, risk tolerance, time horizon, tax position, existing holdings, or needs — even where it appears to be responsive to something you have asked or to information we hold about you.

4.3

Using an AI Tool does not create an advisory relationship. PHX does not act as an investment adviser or as a fiduciary through any AI Tool. Accounts at PHX are non-discretionary: you make every decision to buy, hold, or sell.

4.4

If you want advice that takes your circumstances into account, **speak to your PHX representative.** An AI Tool is not a substitute for that conversation.

5. AI Output May Be Wrong

5.1

AI Output may be inaccurate, incomplete, outdated, or wrong. You should assume it may contain errors and verify it independently before acting on it.

5.2

AI Tools can state incorrect information in a confident, fluent, and plausible form. **Confidence of expression is not evidence of accuracy.** AI Tools may:

- state facts about a company, security, or market that are wrong;
- attribute statements, figures, or events to sources that did not produce them;
- produce citations, references, or figures that do not exist or do not say what is claimed;
- omit material information, including information that would change the conclusion;
- fail to reflect current market conditions, recent news, or recent corporate actions; or
- apply reasoning that appears sound but is not.

5.3

AI Output inherits the limitations of the data it is built on. An error, omission, or delay in underlying data will be carried into anything generated from it, and may be amplified.

5.4

AI Output is not reproducible. The same or a similar request may produce different results at different times. A result you saw previously may not be obtainable again.

5.5

Past performance is not a guarantee or indicator of future results. Any price, level, target, range, projection, or scenario appearing in AI Output is illustrative only and is not a prediction, a recommendation, or advice.

6. AI Output Is Not Reviewed Before You See It

6.1

AI Output is generated automatically and is not reviewed, checked, or approved by a financial professional, a supervisor, or a compliance reviewer before it is displayed to you.

6.2

AI Output does not represent the views, opinions, research, or recommendations of PHX, of our representatives, or of our affiliates, and should not be read as if it did.

6.3

We do not monitor AI Output for accuracy and are under no obligation to correct it, update it, or notify you if it is later found to be wrong.

7. Where AI Output Comes From

7.1

We use third-party artificial intelligence platforms and model providers to operate AI Tools.

Depending on the feature, these may include **Microsoft Azure**, including **Azure AI Foundry**, **OpenAI**, **Anthropic**, and **Microsoft Copilot**.

7.2

Your requests to an AI Tool, and the content of those requests, **may be transmitted to and processed by those providers** on our behalf. That processing is governed by the agreements we hold with them and by our Privacy Policy.

7.3

The specific models we use change as providers release new versions and as we adopt them. The providers and models in use at the date of this Disclosure are listed in **Annex A**. Annex A may be updated without an update to the rest of this Disclosure.

7.4

We do not control how a third-party provider's models are built, trained, or updated, and a change made by a provider may change the AI Output you receive.

8. Third-Party Automated Output

8.1

Some automated output shown in the Services is produced by third parties, not by us.

8.2

Sentiment indicators shown alongside news content are supplied by **Massive** and are not computed by PHX. **Sacra** supplies research content and does not produce sentiment indicators.

8.3

Where output is supplied by a third party, we do not author, prepare, edit, or verify it, and we do not endorse or approve it. Everything in this Disclosure and in our Data Disclaimer applies to it.

9. Information You Provide to AI Tools

9.1

Do not enter information into an AI Tool that you would not want transmitted to a third-party provider, including account numbers, government identification numbers, passwords, or other sensitive

personal or financial information. AI Tools are not a secure channel for that information, and they are not a means of giving instructions to PHX.

9.2

How we handle information you provide, including what is shared with AI providers, is described in our **Privacy Policy**.

9.3

Do not use AI Output, or the Services, to build, train, or improve any model, product, or service. See the use restrictions in our Data Disclaimer.

10. AI Tools Do Not Execute Transactions

10.1

AI Tools do not place, modify, or cancel orders, and do not move money or securities. No AI Tool acts on your account.

10.2

Instructions to PHX must be given through the channels we designate for that purpose. **An instruction typed into an AI Tool has not been given to us and will not be acted on.**

10.3

Nothing in an AI Tool authorises PHX or any third party to exercise discretion over your account.

11. Availability and Change

11.1

AI Tools are offered at our discretion. We may add, change, suspend, limit, or withdraw any AI Tool, in whole or in part, at any time and without notice.

11.2

AI Tools may be unavailable, interrupted, delayed, or degraded. We do not guarantee that any AI Tool will be available or will perform as expected.

11.3

Some AI Tools may be made available only to certain customers, on certain platforms, or in certain regions.

12. Your Responsibilities

12.1

By using an AI Tool you acknowledge that:

1. AI Output is informational only and is not investment advice or a recommendation;
2. AI Output may be inaccurate, incomplete, or outdated, and you will verify it independently before acting on it;
3. you are solely responsible for every investment decision you make and for the results of those decisions;
4. you will not treat AI Output as a substitute for the offering documents, prospectus, Private Placement Memorandum, or other governing materials for any investment; and
5. you will not rely on an AI Tool to give instructions to PHX.

13. Limitation of Liability

13.1

To the maximum extent permitted by law, PHX, its affiliates, and its providers are not liable for any loss or damage arising out of or relating to AI Tools or AI Output, including loss arising from any inaccuracy, incompleteness, omission, delay, interruption, or unavailability, or from any action you take or decline to take in reliance on AI Output.

13.2

This applies whether a claim is framed in contract, tort, negligence, strict liability, or otherwise, and whether or not we were advised that such loss was possible.

13.3

Nothing in this Disclosure limits any liability that cannot be limited under applicable law, and nothing in it waives any right you may have under the federal securities laws, the rules of FINRA, or the rules of any exchange. The limitation of liability in our Terms and Conditions applies to this Disclosure and is not enlarged by it.

14. Related Documents

Read this Disclosure together with:

- **Terms and Conditions**
- **Privacy Policy**
- **Data Disclaimer**

- **Disclosures**
- **Private Markets Risk Disclosure**
- **Client Relationship Summary**

Where this Disclosure conflicts with the Terms and Conditions, the **Terms and Conditions govern**.

15. Contact Us

Phoenix Financial Services 100 Wall Street, 10th Floor New York, NY 10005

Telephone: (212) 776-4187 Email: contact@phoenixinc.com Website: www.phoenixinc.com Legal documents: www.phoenixinc.app/legal Account disclosures: <https://phoenixinc.com/account-disclosures/>

Annex A — Model Providers and Models in Use

As of:

This Annex lists the artificial intelligence platforms and model providers we use to operate AI Tools, and the models in use at the date shown. **It changes as providers release new models and as we adopt them, and it may be updated without an update to the rest of this Disclosure.**

Provider	Role
Microsoft Azure / Azure AI Foundry	Platform on which AI Tools are hosted and models are accessed
OpenAI	Model provider
Anthropic	Model provider
Microsoft Copilot	Assistant capability

Models in use

Provider	Models
Anthropic	Claude Fable 5, Claude Opus 5, Claude Sonnet 5, Claude Haiku 4.5
OpenAI	
Microsoft	

Not every provider or model listed is used for every feature, and a feature may use more than one.

Phoenix Financial Services

100 Wall Street, 10th Floor, New York, NY 10005

Telephone (212) 776-4187 · contact@phoenixinc.com · www.phoenixinc.com

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