PHOENIX
FINANCIAL

Phoenix Financial Services — Private Markets Risk Disclosure

Document	Private Markets Risk Disclosure
Entity	Phoenix Financial Services (PHX Financial, Inc.)
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Contents

1. Purpose and Scope

1.1

This Disclosure describes the risks of investing in private market securities through Phoenix Financial Services. **These investments are speculative, illiquid, and carry a risk of total loss. They are not suitable for every investor, and they are not suitable for money you may need.**

1.2

Read this Disclosure before you invest in any private market opportunity, and read it together with the offering documents for the specific investment you are considering.

1.3

Nothing in this Disclosure is a recommendation, a solicitation, or an offer to buy or sell any security, and nothing in it is investment, tax, or legal advice.

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.

3. What Private Market Investments Are

3.1

"Private Market Investments" means securities and interests that are not listed or traded on a public securities exchange, including:

- shares in privately held companies, including **Pre-IPO** shares;
- **secondary-market** purchases and sales of privately held company shares;
- **private placements** and other offerings made under exemptions from registration; and
- interests in special purpose vehicles or similar structures formed to hold such securities.

3.2

Private Market Investments are **not registered** with the SEC. They are offered under exemptions from registration under the Securities Act of 1933, as amended. **Registration exemptions mean fewer disclosure obligations, not fewer risks** — no regulator has reviewed, approved, or passed on the merits of these investments or the adequacy of the information provided about them.

3.3

Private Market Investments are fundamentally different from publicly traded securities in the same account or application. **Do not assume that anything true of a listed stock is true of these.**

4. The Principal Risk — You May Lose Everything

4.1

INVESTING IN PRIVATE MARKET INVESTMENTS IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK, INCLUDING THE COMPLETE LOSS OF THE AMOUNT YOU INVEST.

4.2

Only invest an amount you are financially able to lose entirely. Private companies fail, and when they do, equity holders are typically last in line and commonly recover nothing.

4.3

You should be able to bear the loss of your entire investment, to hold it for an indefinite period, and to have no need for the money in the meantime.

4.4

Past performance of any company, sector, fund, or manager is **not a guarantee or indicator of future results.** Neither is the performance of any other private company or offering.

5. Illiquidity and the Absence of a Market

5.1

There is no public market for these securities, and one may never develop.

5.2

You may be unable to sell at any time, at any price, or at all. You should assume you cannot sell when you want to, including when you need the money and including when the company's prospects deteriorate.

5.3

Even where a secondary transaction is possible, it may require the issuer's consent, may be subject to rights of first refusal or transfer restrictions, may take a long time to complete, and may only be achievable at a substantial discount.

5.4

Your holding period may be years and is not within your control. It depends on events — an acquisition, a public offering, a company-run tender — that may never happen.

6. Resale Restrictions and Rule 144

6.1

These are **restricted securities**. Their resale is limited by federal and state securities laws and, separately, by the issuer's own governing documents.

6.2

It is your responsibility, as a seller or offeror, to confirm that any offer or sale complies with an available exemption from registration under the Securities Act, including the conditions of SEC Rule 144 where it applies. Those conditions may include a minimum holding period and other requirements.

6.3

Consult your own legal counsel before offering or selling any restricted security. PHX does not undertake to verify that an exemption applies to your transaction, and nothing in our services or this Disclosure should be read as advice that any particular exemption is available to you.

7. Control Persons and Affiliates

7.1

If you are an officer, a director, a general partner, a 10% or greater shareholder, or otherwise an affiliate or **Control Person** of an issuer under SEC Rule 144, **additional restrictions apply to you**, including volume limitations and other conditions on resale.

7.2

You must disclose that status to us before listing, offering, or selling any security of that issuer. Contact your registered representative or PHX's Compliance Department at (212) 776-4187.

8. Information About Private Issuers Is Limited

8.1

Information about private companies comes from the issuer, the selling shareholder, or their representatives. We do not author, verify, audit, or endorse it.

8.2

That information is **preliminary and for initial reference only.** It does not summarise or contain all information that may be material to your decision.

8.3

Private issuers are **not subject to the ongoing reporting obligations that apply to public companies.** Financial statements may be unaudited, prepared to a different standard, incomplete, or significantly out of date. There may be no obligation on the issuer to tell you anything after you invest — including that its circumstances have changed materially.

8.4

We are under no obligation to update information, or to notify you of changes to information or to risk factors, before or after you invest.

8.5

Third-party research and data about private companies, including any produced by automated or artificial-intelligence tools, carries the limitations described in our **Data Disclaimer** and **AI Tools Risk Disclosure.**

9. Valuation Is Uncertain

9.1

There is no reliable market price for a private company. Any value, price, valuation, or mark shown to you — including on any screen, statement, or report — is an estimate, may be derived from a past transaction on different terms, and **may not be realisable.**

9.2

A price shown may be stale, may reflect a transaction between other parties in different circumstances, and may bear no relation to what you could obtain if you tried to sell.

9.3

Do not treat a displayed value as the amount you could sell for, or as a measure of return.

10. Dilution, Later Financings, and No Assurance of a Liquidity Event

10.1

Private companies typically raise additional capital. Later financings may be on terms **senior to yours** and may **dilute** your interest substantially. You may have no right to participate and no right to prevent it.

10.2

Rights attaching to shares in a private company — voting, information, liquidation preference, anti-dilution, transfer — vary and may be materially less favourable than those of other holders, including the founders and institutional investors in the same company.

10.3

No one can assure you that an initial public offering, acquisition, or other liquidity event will occur, or that it will occur on any timetable, or that it will return your capital if it does. Statements about a company's prospects, plans, or expected timing are not promises and are frequently wrong.

11. Who May Invest — Accredited Investor Status and Phoenix's Requirements

11.1

Access to Private Market Investments is limited to investors who meet the SEC's definition of an **Accredited Investor** and who also meet **Phoenix's own eligibility requirements**, which are stricter. Both must be satisfied.

11.2

The SEC's criteria. An individual may qualify as an Accredited Investor by meeting any one of the following:

- **net worth over $1 million**, excluding primary residence, individually or with a spouse or spousal equivalent; or
- **income over $200,000** individually, or **$300,000** with a spouse or spousal equivalent, in each of the prior two years, with the same reasonably expected in the current year; or
- holding in good standing a **Series 7**, **Series 65**, or **Series 82** licence; or
- being a director, executive officer, or general partner of the company selling the securities, or of a general partner of that company; or
- being a "family client" of a "family office" that qualifies as an Accredited Investor; or
- for investments in a private fund, being a "knowledgeable employee" of that fund.

Entities may qualify on separate criteria, principally by owning investments over $5 million or by holding assets over $5 million. If you are investing through an entity, ask us which criteria apply.

11.3

Phoenix’s requirement is higher. To invest in Private Market Investments through PHX, you must have a **net worth exceeding $2.2 million, excluding your primary residence.**

11.4

These are two different tests, and meeting one does not mean meeting the other. You may qualify as an Accredited Investor under the SEC’s criteria and still not meet Phoenix’s requirement. Where they differ, **Phoenix’s requirement applies.**

11.5

You agree to provide the financial statements, tax documentation, professional certifications, or other evidence we or our verification partners reasonably require to establish and re-establish your status, and to notify us if it changes.

12. Fees and Conflicts of Interest

12.1

Fees for Private Market Investments differ from fees on listed securities and vary by product. They may include a **placement agent fee**, a **management fee**, organisational and offering expenses, and other charges. **Refer to the offering document, including any Private Placement Memorandum (“PPM”), for a complete explanation of the fees for a specific investment.**

12.2

PHX may act as principal underwriter in some of its investment banking offerings.

12.3

PHX and its registered representatives are compensated on these transactions, which creates an incentive to recommend them. PHX may also receive payments from third parties, and from proprietary products issued, sponsored, or managed by PHX affiliates, which creates an incentive to recommend those products even where other options have lower costs or better performance.

12.4

Further conflicts are described in our **Disclosures** and in our **Client Relationship Summary**. Ask your financial professional how our conflicts of interest affect you and how we address them.

13. Where These Investments Are Held and What Protects Them

13.1

This section is important, and it is where private markets differ most from the rest of your relationship with us. Read it carefully.

13.2

Publicly traded securities and cash are held at Axos Clearing LLC, our clearing firm, in your brokerage account. Axos provides clearing, settlement, and custody for those assets and issues your account statements and trade confirmations.

13.3

Private Market Investments are not held in that brokerage account. They are held under separate arrangements, which may differ by investment.

13.4

SIPC protection applies to the brokerage account at Axos Clearing LLC. Do not assume it extends to Private Market Investments. SIPC protects against the failure of a brokerage firm within statutory limits. **SIPC does not protect against a decline in the market value of any investment, and it does not protect against the failure of a company you have invested in.**

13.5

Nothing protects you against the business failure of a private company. There is no insurance, no guarantee, and no government protection against that outcome, and it is the most likely way to lose your money in this asset class.

13.6

Reporting and valuation of Private Market Investments may differ from the reporting of your brokerage account, may be less frequent, and may not appear on your Axos statements.

13.7

If you are unsure where a particular holding is held, how it is reported, or what protects it, **ask before you invest.** See our **Disclosures** for the full description of the clearing and custody arrangements.

14. The Offering Documents Govern

14.1

Each Private Market Investment is governed by its own offering documents, which may include a Private Placement Memorandum, subscription agreement, operating or partnership agreement, and related disclosures.

14.2

Those documents govern. Where anything in this Disclosure, in our services, in marketing material, or in any summary conflicts with them, **the offering documents control.**

14.3

Read them in full before investing, including their risk factors, fees, conflicts, transfer restrictions, and the rights attaching to what you are buying. A summary is not a substitute.

15. Your Responsibilities

15.1

By investing in a Private Market Investment through PHX you acknowledge that:

1. the investment is speculative and you may lose the entire amount invested;
2. it is illiquid, you may never be able to sell it, and you can bear that;
3. you have read the offering documents for the specific investment and rely on them, not on any summary, screen, or communication;
4. you have conducted your own investigation and, where appropriate, taken independent investment, tax, and legal advice;
5. the information available to you about a private issuer is limited and may be inaccurate, incomplete, or out of date;
6. any value displayed is an estimate and may not be realisable;
7. you meet the SEC's Accredited Investor criteria **and** Phoenix's net worth requirement, and the information you have given us is complete and truthful; and
8. accounts at PHX are non-discretionary — the decision to invest is yours alone.

16. Related Documents

Read this Disclosure together with:

- **Terms and Conditions**
- **Disclosures**
- **Data Disclaimer**
- **AI Tools Risk Disclosure**
- **Privacy Policy**
- **Client Relationship Summary**
- the **offering documents** for each specific investment

Where this Disclosure conflicts with the Terms and Conditions, the **Terms and Conditions govern.** Where either conflicts with an offering document for a specific investment, **the offering document governs that**

investment.

17. Contact Us

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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/