

Public Investing–Bond Account Agreement

Open to the Public Investing, Inc. ("Public Investing") offers a Bond Account, a dedicated brokerage account that holds a diversified portfolio of investment grade and high-yield fractional bonds that seeks to provide an attractive yield relative to Treasury bonds with greater risk than investing in Treasury bonds or other lower risk products. The bonds in the Bond Account span several characteristics including rating, industry, and maturity. Bonds are purchased and sold pursuant to a methodology described in more detail below. To learn more about the bonds in the Bond Account, please view the current allocation in your Public Account. You should do your own research into the underlying bonds before making an investment decision.

This document is designed to give you an overview of the Bond Account, information about opening and funding the Bond Account, potential benefits and risks of the Bond Account, and information about how the bonds in the Bond Account are selected. Please note that any self-directed decision by our members to open, fund, invest, or sell assets in a Bond Account is not a recommendation of Public Investing. All members should undertake their own research for the securities that they purchase. This document contains important information and disclosures concerning the Bond Account. You must agree to these terms and conditions in order to invest in the Bond Account. All bond investments include risks including risk of default, the inability to exit your investments, interest rate risk, and other risks. To learn more about these risks, please see Public's [Fixed Income Disclosure](#) and the [Fractional Bond Disclosure](#)

Overview

Open a Bond Account

A Bond Account is a separate Public Investing Account subject to the terms and conditions stated in your [Brokerage Agreement](#) offered to you for the purpose of earning yield via investments in individual bonds. You are also agreeing to Public's [Fixed Income Disclosure](#) and the [Fractional Bond Disclosure](#) when opening a Bond Account. In order to access the Bond Account, you must open a new account with Public Investing in addition to your Public Brokerage Account and fund that account separately. The Bond Account utilizes the information provided to Public Investing when you initially joined Public. If there have been changes in the information provided, please update your profile information on the Public App.

Fund Your Bond Account

You can fund your Bond Account with cash held in another Public brokerage account or from an outside account. You can also choose whether to make a one-time Bond Account deposit or schedule deposits on a regular basis (i.e. daily, weekly, every other week, or monthly). If you schedule deposits, you can choose the frequency of your deposit but not the specific time.

Bonds

Public Investing allows you to trade a type of fixed income security known as a "bond," which is similar but not identical to a loan to an entity like the U.S. Government or a corporation. Ultimately, if the instrument is held to maturity and the issuer of the security does not default on its obligations, call the bond, or otherwise terminate the instrument, it will also return the principal payment, i.e., the initial amount invested in the instrument. Bonds are "rated" by various

independent agencies, known as credit rating agencies, based on the underlying credit risk of the entity. Like all risk assets, a bond ultimately may not pay the promised interest payments and an investment may lose its principal, usually due to an inability of the issuer of the bond to pay its debts.

To learn more about Bonds, please see [Public Investing's Fixed Income Disclosure](#).

Deposits and Coupon Payments into Your Bond Account

Deposits in your Bond Account currently have a minimum of \$1000 dollars. This amount may change at a later time at Public Investing's sole discretion. This cash can come from another Public Investing brokerage or an external account such as a linked bank account. Recurring deposits currently have the same minimum deposit amount). You can select the date on which your investments recur (i.e. daily, weekly, or monthly) but you cannot pick the time of execution. If your deposit falls on a day the market is closed, we will execute your trades the next day.

In addition to your own deposits, cash may accrue from interest payments on bonds you own. As described in more detail below, all cash in your Bond Account is used to purchase bonds, which could include both cash from deposits but also from bond coupon payments.

Purchasing Bonds in your Bond Account

How Cash is Used to Purchase Bonds

All cash in your Bond Account is used to purchase a set of ten bonds, in increments of \$100 par value, according to the Buy Methodology described below. That cash may come from deposits into your Bond Account, coupon payments on bonds held in your Bond Account, or a combination thereof.

When you open a Bond Account and each time you deposit funds into that account, you instruct Public Investing to use all funds in your Bond Account to purchase bonds pursuant to the below Buy Methodology.

A set of ten bonds is assigned to your Bond Account (see below for more on this set). To decide which of the ten bonds to purchase next in a \$100 par value amount, Public Investing uses the following Buy Methodology: Public Investing will buy the bond which you hold in your Bond Account in the lowest amount (measured in par value). If there are multiple bonds fitting that category, then the bond with the highest rating. And if there are multiple bonds in that category, the bond with the highest yield. If, after the first \$100 par value of the bond identified pursuant to the Buy Methodology is purchased, there is sufficient cash to purchase \$100 par value of the next bond (according to the Bond Methodology), Public Investing will purchase that next bond, and so on. Any residual cash will remain in your Bond Account as cash until there is again sufficient additional funds to purchase additional bonds in your Bonds Account.

If your Bond Account holds cash that is not sufficient to purchase the highest priority bond (as determined by the above Buy Methodology), that cash will remain as cash until it reaches an amount sufficient to make that purchase. This cash balance will not earn interest and will reduce your overall yield, but can be transferred out of the Bond Account to other interest bearing accounts such as Public's High Yield Cash Account.

We may change the Buy Methodology at any time. If we change that methodology, we will not use the updated Buy Methodology to purchase bonds for your Bond Account without getting your consent.

What Bonds Are Purchased

The bonds in your Bond Account will always be the original ten bonds you agreed to purchase when you opened your Bond Account unless you otherwise instruct Public Investing to adjust your allocation. In other words, when cash becomes available in your Bond Account – whether from a one time deposit, recurring deposit, and/or the accumulation of enough cash from coupon payments – the bonds you will purchase pursuant to the Buy Methodology will be the last allocation of bonds you agreed to purchase, either when you opened your Bond Account or you subsequently agreed to updated the bond allocation.

Bonds are chosen by Public Investing for the Bond account using a number of factors. The purpose of the Bond Account is to provide investors with yield in excess of what might be available in risk-free assets such as Treasury bills. Consequently, the Bond Account will contain bonds that have both investment grade and high yield credit ratings in order to have an effective yield greater than what might be available in a less risky or risk-free product. Bonds are selected based on their underlying liquidity, maturity, their yield, industry, their average spread, coupon dates, and whether there is a market for lots below \$1000 par in the bond in order to allow for fractional bond purchases. Additionally, the bonds in the Bond Account are evaluated holistically to ensure that there is sufficient diversification across companies, industries, credit ratings, and other relevant factors in order to reduce the likelihood that multiple bonds may default simultaneously.

Diversification and asset allocation do not guarantee future returns or eliminate the risk of loss. The Bond Account is not intended to ensure adequate diversification and you should conduct your own research and make your own determinations as to whether a particular investment aligns with your investment objectives, risk tolerance and financial situation. Public Investing

will not rebalance your Bond Account or update your allocations in any way, except in instances of Corporate Actions, where you will be notified.

Withdrawals

You are free to withdraw any amount (up to the total amount) at any time. When you make a request to withdraw cash from your Bond Account that exceeds the cash balance of the account, Public Investing will sell bonds in \$100 par increments using the following Sell Methodology: The first bond in your Bond Account that will be sold will be the bond you hold in the highest par value amount. If more than one bond in the Bond Account falls into that category, Public Investing will sell the bond in that category with the lowest rating. If more than one bond in that category has the same rating, then Public Investing will sell the bond with the lowest rating and the lowest yield. Once the first \$100 par value bond is identified to sell using this Sell Methodology, Public Investing will identify the next \$100 par value amount using the same logic, until your withdrawal amount is satisfied. Please note that bond sales entail transaction fees that will lower your cumulative returns.

Bonds in the Bond Account can only be sold in minimum \$100 par value increments. Any amount of cash can be transferred out of your Bond Account. If a request to sell bonds and transfer money out of your account is received by Public Investing, Public Investing will first transfer any cash out of the Bond Account to the destination account, then sell bonds according to the Sell Methodology. This process will continue until enough proceeds have been generated to satisfy the sale amount. This may result in a cash balance in the Bond Account. The Sell Methodology is subject to change at any time.

Notifications

On the day your Bond Account is scheduled to execute transactions, you will receive notifications confirming the purchases made in the Bond Account. Once the investments executes, you will see each individual trade within your "History" in the Public app.

Best Execution and Order Types

Bond Account transactions will typically be in fractional bonds. Please see the [Fractional Bond Disclosure](#) for more information. Orders will always be filled at the best possible price Public Investing can locate at that moment for your bond purchase. In the event that whole bonds are available in the quantity and at a better price for purchase or sale than fractional bonds for a particular bond in the Bond Account, then that whole bond will be chosen.

All Bond orders on Public Investing are limit orders that cancel end of day.

There is a possibility that orders for individual assets within the Bond Account may not be executed, for example, if trading has been halted for a particular asset. In such a situation, the allocations of the remaining assets will not adjust to account for the un-executed order.

Bond Account Yield

All yields displayed on Public Investing's platform are "yields to worst," which is the lowest potential yield an investor can expect from the portfolio assuming the issuers do not default. It accounts for any other provisions that may affect the bond's yield, including getting called, put or converted.

In your deposit flow, the current yield listed is the money-weighted average yield to worst of the ten bonds in your bond account before fees. This yield may not match the actual yield you receive due to market fluctuations. It may

also not match if your investment does not result in an equal allocation among all of the bonds in the Bond Account.

In your “manage account” screen, the yield shown, “your yield,” is the actual yield of your bond account before fees, accounting for any cash that remains in your account and differences in the amount of particular bonds you might hold.

You will not receive the full YTW of a bond in the portfolio if you sell that bond before maturity, or if the issuer defaults on the bond. Public Investing charges a markup on each bond trade, which will reduce your yield.

Fees

Investing in the Bond Account comes with certain fees. All bond trading comes with fees. See [Public's Fee Schedule](#) for current fees associated with bond transactions. Like other securities, bonds are subject to a bid/ask spread. This means that the amount of money the bond is purchased for from the market is lower than the amount of money you ultimately purchase the bond for. These spreads are reflected in the purchase price of the bonds in the Bond Account. Whole bond transactions tend to have lower spreads than fractional bond transactions. The Bond Account will incur a \$3.99 monthly account fee beginning January 1, 2025 and will be waived for Premium members.

Risks

There are risks associated with all securities trading, including bond trading. For more information about those risks, and for bond trading in general, please see Public's [Fixed Income Disclosure](#) and the [Fractional Bond Disclosure](#).

Below are some highlighted risks of investing in the Bond Account. This list is not meant to be exhaustive.

- Some of the bonds in the Bond Account are high yield bonds. High yield bonds are riskier than investment grade bonds and are issued by companies that credit rating agencies have determined are riskier than companies rated investment grade. Although they have higher yields, they come with increased risks of default. In the event of a default, you may lose some or all of your investment.
- Many purchases in the Bond Account will be fractional bonds. In addition to the risks typically associated with bonds, fractional bonds carry additional liquidity risks and are currently only traded by one counterparty in the marketplace, Moment Markets. Consequently there is a risk that you may not be able to exit a fractional bond position if there is not a willing buyer in the marketplace. Additionally, fractional bonds are only available on Public's platform and cannot be transferred in kind to other brokerages.
- Bonds fluctuate in price like any other risk asset. Consequently, there is a risk that the bonds in the Bond Account will be worth less (or more) than what you paid for them. Additionally, the price of bonds is impacted by interest rates, inflation, market volatility and other factors. Please investigate each bond in the Bond Account yourself and come to your own conclusions about whether they are a good investment for you.

Terms and Conditions

These Terms & Conditions are subject to change in Public Investing's sole discretion and without notice. Public Investing reserves the right to modify and cancel the Bond Account at any time. The [Open to the Public Investing, Inc.](#)

[Brokerage Agreement](#) (the "Brokerage Agreement") is incorporated herein by reference and constitutes a part of these Terms and Conditions. In the event of any conflict between these Terms and Conditions and the terms of the Brokerage Agreement, the terms of the Brokerage Agreement shall control.

"Bonds" shall refer to corporate debt securities and U.S. government securities offered on the Public platform through a self-directed brokerage account held at Public Investing and custodied at Apex Clearing. For purposes of this section, Bonds exclude treasury securities held in treasury accounts with Jiko Securities, Inc.

Investments in Bonds are subject to various risks including risks related to interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. The value of Bonds fluctuate and any investments sold prior to maturity may result in gain or loss of principal. In general, when interest rates go up, Bond prices typically drop, and vice versa. Bonds with higher yields or offered by issuers with lower credit ratings generally carry a higher degree of risk. All fixed income securities are subject to price change and availability, and yield is subject to change. Bond ratings, if provided, are third party opinions on the overall bond's credit worthiness at the time the rating is assigned. Ratings are not recommendations to purchase, hold, or sell securities, and they do not address the market value of securities or their suitability for investment purposes.

The Bond Account purchases are self-directed purchases of a diversified basket of bonds (which may include fractional and/or whole bonds depending on the size of your investment). You reserve the ability to pause or end your Bond Account at any time and for any reason. Bond Accounts are accessible on Public Holding, Inc.'s ("Public") website and mobile application (together, the "Public Platform").

Brokerage services for Bonds are offered by Public Investing, a registered broker-dealer and member FINRA & SIPC.

Not an Investment Recommendation or Solicitation and Other Disclosures

The Bond Account and any additional information provided about it, is not a recommendation of the Bond Account overall, or a recommendation of its individual holdings or default allocations. By investing in a Bond Account, you acknowledge that none of Public, Public Investing or its affiliates, or any other unaffiliated third parties (a "Sponsor") are advising you as to your investments, and any criteria for your initial and ongoing investments should not be considered investment advice, an offer to buy or sell, or a recommendation for any asset or group of assets. The Bond Account will not be rebalanced and allocations will not be updated in any way, except for Corporate Actions. You are solely responsible for determining whether to purchase or sell the bonds in the Account. The Bond Account may involve continuous investments, regardless of market conditions.

When you invest in the Bond account for your personal non-business purposes, you accept all responsibility for its use and implementation, and for appropriate ongoing follow-up to ensure that you are meeting your individualized interests and goals. As with other investments through Public Investing, you must decide for yourself if an investment in an asset is consistent with your evaluation of the assets, your investment objectives, your risk tolerance, your investment time frame, and your broader financial situation. By making Bond Accounts available to its members, Public Investing is not recommending or endorsing it. Further, Public assumes no responsibility for the accuracy, completeness or timeliness of any point-in-time Bond Account

allocation or for updating such allocation, which is subject to change without notice at any time. Public does not provide investment, tax or legal advice.

Limitation of Liability

All access to and use of the Public Platform, as well as your use of the Bond Accounts and related services is at your own risk. In no event shall Public, Public Investing, and any of their respective officers, directors, employees and agents be liable for any damages, including, without limitation, direct or indirect, special, incidental, or consequential damages, or losses or expenses arising or in connection with use of the Bond Account. These parties shall not be responsible if you are unable to use the Public Platform or any linked site, or in the event of any failure of performance, error, omission, interruption, defect, delay in operation or transmission, computer virus online or system failure, even if these parties are advised of the possibility of such damages, losses or expenses. Additionally, these parties shall have no liability to you for any losses, financial or otherwise, suffered by you arising out of or resulting from compatibility or inoperability problems of the Public Platform, your computer or other device, or your failure to confirm any attempted transaction.

Account Duration and Termination

Recurring investments in Bond Accounts remain in effect until you end your Bond Account or we otherwise terminate your Bond Account. Public Investing reserves the right to suspend or terminate your Bond Account at any time, for any reason, without notice to you. Any services associated with the Bond Account may also be terminated by us at any time. If you breach any of these Terms and Conditions, the rights granted herein shall automatically terminate.

Changes to Terms and Conditions

Public Investing may change the Terms and Conditions by posting an updated version of the Terms and Conditions on the Public Platform without notice to you. Please review the current version of the Terms and Conditions from time to time. Your continued use of the Bond Account feature shall be deemed your acceptance of the Terms and Conditions in place at that time.

Miscellaneous

- **Waiver:** If Public Investing does not enforce a particular provision of the Terms and Conditions, such conduct will not prevent us from enforcing the same or any other provision of the Terms and Conditions in the future.
- **Severability:** If any provision of these Terms and Conditions is or becomes illegal, invalid or unenforceable, it shall be considered separate and severable from these Terms and Conditions, and the remaining provisions shall remain in effect.
- **Intellectual Property:** This site, and all text, graphics, trademarks, logos, photographs, artwork, interfaces and computer codes (collectively "Protected Content"), including, but not limited to, the structure, design, physical appearance, configurations and arrangement of the Protected Content, contained on this Site is owned, controlled or licensed to Public Investing or its affiliates in the U.S. or other countries, and is protected by trademark, copyright, trade dress or other intellectual property laws.