



# DISCLOSURE BROCHURE

## Form ADV – Part 2A

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Effective February 1, 2012

## ITEM 1 – COVER PAGE

### Genworth Financial Advisers Corp.

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*This Brochure provides information about the qualifications and business practices of Genworth Financial Advisers Corporation, which has its principal place of business at 200 N. Martingale Rd, Schaumburg, IL 60173. If you have any questions about the contents of this disclosure brochure, please contact Adviser Services at 888 528.2987 or at [www.genworthfinancialsecurities.com](http://www.genworthfinancialsecurities.com). The U.S. Securities and Exchange Commission (SEC) and state securities authorities have not approved or verified the information in this disclosure brochure.*

*Genworth Financial Advisers Corporation is an SEC-registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.*

*Additional information about Genworth Financial Advisers Corporation is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

Genworth Financial Advisers Corporation

**ITEM 2 – MATERIAL CHANGES**

Genworth Financial Advisers Corp. maintains this brochure in response to the 2010 amendments to SEC Form ADV. It is materially different from Form ADV Part II documents prior to April 1, 2011 and includes certain new information our previous filings did not require.

Since April 1, 2011, the following changes have occurred at the firm and are reflected in the Form ADV Part 2A's cover and its text.

Edward J. Wiles, Jr., retired as the firm's SVP, Chief Compliance Officer, effective December 27, 2011. As of December 28, 2011, James W. Shay serves as the firm's SVP, Chief Compliance Officer and General Counsel. He has served as Associate General Counsel since December 2006. He can be reached at 200 N. Martingale Road, Schaumburg, IL 60173 or by dialing 888 528.2987.

Genworth Financial Advisers Corp. is in the process of entering into or revising selling agreements with third-party asset management platforms ("TAMPs") to allow the offering of these advisory services to new clients.

The firm is an indirectly wholly owned subsidiary of Genworth Financial, Inc. ("GFI"). GFI owns other companies engaged in the securities business. Changes occurred with two such companies. Altegris Portfolio Management, Inc., dba "Altegris Funds," has registered with the SEC. Genworth Financial Investment Management, LLC deregistered. The firm has no business dealings with either company.

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## ITEM 4 – ADVISORY BUSINESS

### FIRM DESCRIPTION

Since 1983, Genworth Financial Advisers Corporation (the “Firm”) has provided investment advisory services designed to help Clients fulfill their financial goals. The Firm conducts business throughout the United States through investment adviser representatives (“Financial Advisers”) who are independent contractors registered with the Firm. As of 12/31/2010, the Firm managed \$2.986 billion in assets.

### OFFERED INVESTMENT SERVICES

The Firm offers comprehensive financial planning and portfolio management, and its Financial Advisers help Clients open accounts with other registered investment advisers. These services are offered via various programs: Portfolio Advisory Services, Retirement Plan Services, Third-Party Asset Management Services, and Wrap Fee Programs. We begin to describe each program in this Section. Further information on these programs can be found in Sections 5 (Fees and Compensation), 8 (Methods of Analysis, Investment Strategies and Risk of Loss) and 12 (Brokerage Practices). This brochure also briefly describes Wrap Fee Programs, which they are more fully described in Part 2A Appendix 1 brochures for those programs.

#### *Portfolio Advisory Services*

Portfolio Advisory Services (the “GPAS Program”) offers passively managed asset allocations (“GPAS Portfolios”) based on Clients’ assessed risk tolerance using primarily institutional mutual funds from Dimensional Fund Advisors (“DFA”). The GPAS Program is for long-term investors. The investment minimum is \$50,000, and Clients can open multiple accounts and combine their assets to meet the investment minimum. (At its sole discretion, the Firm may waive the minimum account size.)

Financial Advisers will recommend a diversified GPAS Portfolio to GPAS Program Clients based on the Clients’ assessed risk tolerances; however, Clients may ultimately select a different GPAS Portfolio. The Firm has designed several GPAS Portfolios to meet a range of investment objectives, although there is no guarantee that any investments will achieve their objectives. The GPAS Portfolios involve investment risk, with Portfolios containing higher percentages of stocks generally considered riskier than Portfolios that hold mainly bonds.

- *Capital Preservation:* The Capital Preservation Portfolio invests 100% in fixed income securities. This Portfolio looks to minimize potential losses and provide a return on mutual funds that invest in bonds rated BBB or higher with an average maturity of two years or less. The Portfolio is appropriate for Clients who would like more protection from loss on their assets than they might get from stock-invested accounts. This Portfolio is not a money market account and is not government guaranteed. Although it contains no stock investments, it is subject to inflation and interest rate risk, and the bonds in the Portfolio can increase or decrease in value, which can cause an overall increase or decrease in the value of the Portfolio.
- *Income:* This Portfolio invests 15-25% in stocks and 75-85% in bonds. It typically includes mutual funds with bonds as its primary investments. This Portfolio seeks to provide current income, but also contains some stock funds to provide additional opportunities for growth. This Portfolio is suitable for Clients whose primary concern is reducing the risk of their assets — such as those approaching retirement, or those who simply desire decreased risk of loss, but may desire some exposure to stocks in order to provide growth potential for their assets.
- *Income and Growth:* This Portfolio invests 30-40% in stocks and 60-70% in bonds. It seeks current income, with a secondary objective of growth of the amount invested. This Portfolio is suitable for Clients who want the potential for some growth of assets, but also are interested in potentially generating some income. Although the majority of the assets are in bond funds, some stock funds are included. Historically, this has resulted in a higher potential return, but does involve more risk.
- *Growth and Income:* This Portfolio invests 45-55% in stocks, and 45-55% in bonds. This Portfolio seeks growth of the amount invested and current income as near-equal objectives. This Portfolio is suitable for Clients who want the potential for the higher returns possible from stocks over time without extreme variations in short-term market performance.
- *Growth:* This Portfolio invests 60-70% in stocks and 30-40% in bonds. It seeks growth of the amount invested by using stock funds, but tries to balance the risk by also placing a significant portion of the balance in bond funds. This Portfolio is suitable for Clients who are willing to accept some risk in exchange for the potential for higher returns provided by stocks over time. Generally, because of the higher risk involved, Clients should not invest in this Portfolio unless they have an investment time horizon of more than five years.
- *Aggressive Growth:* This Portfolio invests 75-90% in stock and 10-25% in bonds. Its goal is to produce growth of the amount invested by putting most of the Portfolio into stock funds, while seeking to protect from wide swings in value by placing a small investment in bond funds. This Portfolio is best suited for Clients who are willing to accept significant risk in exchange for the potential for higher returns provided by stock funds over time. This Portfolio is suitable for Clients who can afford to risk short-term loss of a significant portion of the amount invested for the potential for higher long-term returns. Clients should typically have an Investment time horizon of more than five years.

The Firm manages each account separately. Clients may impose reasonable trade restrictions, subject to approval by the Firm. However, the Firm cannot accept trade restriction on the individual securities that mutual funds purchase. Additionally, Clients cannot borrow on margin against the investments held in their GPAS Portfolio.

Clients may open more than one account in the GPAS Program and generally can direct that the Firm manage these accounts together as one “household.” All household accounts, when taken together, will match the Client’s selected GPAS Portfolio; however, if the accounts are significantly different in size, an individual account within the household may contain only a few mutual funds, or even a single fund. The Firm determines which securities traders buy in each account, and it has discretionary authority to rebalance accounts back to targeted allocations. A few days are normally needed to invest new money contributions and to execute asset allocation changes. This may cause a price difference between when a Client authorizes asset allocation change and when traders actually execute the trade.

The Firm requires that Clients open brokerage accounts with Charles Schwab & Co. (Schwab), a registered broker/dealer and member of FINRA and SIPC, to custody and trade managed assets. The Firm selected Schwab after considering its reputation, size, longevity, fees, computer access, and level of service. Further information can be found in Section 12. Clients receive a quarterly report from the Firm regarding the performance of their accounts, along with a newsletter. Schwab provides the information used in the reports and sends regular brokerage account statements for the Clients’ assets. Clients should use only the cost basis information provided on Schwab’s account statements for tax reporting purposes.

If a current Client has an account with a balance of less than \$50,000 and does not wish to invest it as part of a household, the Firm offers the opportunity to open an advisory account that invests in one of three different DFA Global Funds.

- *DFA 25/75 Portfolio:* The investment objective of this Portfolio is current income and preservation of capital, with some capital appreciation. Under normal market circumstances, it allocates the majority of its assets to bond funds, but also invests a small portion of its assets in stock underlying funds. Generally, the Portfolio invests its assets in stock and bond funds to achieve an allocation of approximately 5% to 45% (with a target allocation of approximately 25%) of its assets in stock funds and approximately 55% to 95% (with a target allocation of approximately 75%) of its assets in bond funds. The Portfolio may invest its assets in both domestic and international funds.
- *DFA Global 60/40 Portfolio:* The investment objective of this Portfolio is capital appreciation and current income. Under normal market circumstances, it invests to achieve an allocation of approximately 40% to 80% (with a target allocation of approximately 60%) of its assets in stock funds and 20% to 60% (with a target allocation of approximately 40%) in bond funds. The Portfolio may invest its assets in both domestic and international funds.
- *DFA Global Equity Portfolio:* The investment objective of this Portfolio is to achieve long-term capital appreciation. It generally invests in a combination of underlying domestic and international stock funds.

#### *Retirement Plan Services*

Retirement Plan Services ("RPS") is a fee-based investment program for tax-qualified retirement plans, particularly larger 401(k), and other defined contribution plans with assets of at least \$1,000,000. (The Firm may consider managing retirement plans with balances between \$500,000 and \$1,000,000 on a case-by-case basis, depending on average account balances and the amounts of ongoing deposits.)

The Firm launched RPS because Clients of GPAS wanted to offer services similar to those offered with GPAS to retirement plan participants. RPS offers asset allocations ("RPS Portfolios") for retirement plans that are similar, but not identical, to those offered through the Portfolio Advisory Services accounts. RPS Portfolios available to plan participants include Capital Preservation, Income, Income & Growth, Growth & Income, Growth, and Aggressive Growth.

At the request of plan sponsors, Financial Advisers can assist in educating plan participants about available plan investment choices including the RPS Portfolios. They can also educate plan participants on how to gauge their risk tolerance and investment objectives and how to enroll in the plan. Financial Advisers do not provide individualized investment advice to any plan participant and do not act as a plan fiduciary.

The Firm will require that retirement plans establish relationships with recordkeepers and custodians because the Firm does not provide recordkeeping and custodial services. The Firm recommends certain recordkeepers and custodians that are not affiliated with the Firm. The Firm may base its recommendations of these recordkeepers and custodians in part on certain services or benefits available to retirement plans and to the Firm. These services may include, but are not limited to, collecting plan establishment documents, providing regular reports to the Firm and providing plan participants with a website to access information about their RPS Portfolios. The availability of services to the Firm may create a conflict of interest since the Firm is not basing its recommendations exclusively on the quality of services these companies provide to retirement plans. The Firm addresses this conflict through disclosure here in the Form ADV Part 2A. The services

provided by recordkeepers and custodians are not contingent on plan sponsors conducting a specific amount of business with them.

#### *Third-party Asset Management Programs ("TAMPs")*

In addition to the preceding two programs, the Firm has selling agreements with other investment advisers that provide asset management programs. This allows Clients to transfer existing accounts at other investment advisers to the Firm. The Firm is in the process of entering into or revising selling agreements with TAMPs to allow the offering of these advisory services to new clients. The Firm has varying responsibilities in the TAMPs, as detailed by their account opening documents.

#### *VisionMap<sup>SM</sup>*

VisionMap is a comprehensive financial planning service. When a Client retains a Financial Adviser to provide financial planning, the Financial Adviser will gather data and analyze the Client's current financial situation. The goal of financial planning is to identify the Client's long-term economic objectives and prepare a customized, comprehensive written financial plan.

The Financial Adviser may recommend a general course of action, or specific actions. For example, he or she may recommend that the Client obtain or revise his/her insurance coverage, establish an individual retirement account, increase or decrease monies held in savings accounts, or invest in securities. In addition, Financial Advisers may advise Clients to pursue further tax and/or estate planning. A financial plan will address a minimum of three planning topics. Potential topics are retirement planning, disability, survivor/life insurance needs, education/college planning, estate planning, long term care, accumulation goals, and investment asset allocation.

To offer financial planning, a Financial Adviser affiliated with our Firm must have a minimum of three years of financial experience or be a Certified Public Accountant, Certified Financial Planner<sup>TM</sup>, or a Chartered Financial Analyst. A Financial Adviser acting as a financial planner must also be a registered representative with Genworth Financial Securities Corporation, the firm's affiliated broker/dealer, and must complete certain required training.

#### *Wrap Fee Programs*

The Firm offers two wrap fee programs, Managed Wealth ADVANTAGE<sup>SM</sup> (MWA) and the Genworth Financial Wealth Management (GFWM) Platform, in addition to the programs described above. Wrap fee accounts are different from other advisory accounts. For example, with wrap fee accounts, the program fee paid by the Client covers trade execution costs associated with the accounts. For more information about wrap fee programs offered, please refer to the Part 2A Appendix 1 brochures for those programs.

The investment minimum for MWA is \$50,000. The minimum investment required in the GFWM Platform depends upon the Investment Solution chosen; it is \$25,000-\$50,000 for Mutual Fund and Variable Annuity accounts, \$100,000 for ETF Accounts, \$250,000 for Distribution Strategies and from \$50,000 to \$500,000 for Privately Managed and Unified Managed Accounts. GFWM may accept accounts with balances below the stated minimums.

#### **SERVICES NOT OFFERED**

The Firm does not offer legal or tax advice. Financial Advisers may offer such services as an outside business activity. The Firm's Financial Advisers may also present educational seminars. However, the Firm does not offer individualized advice to attendees of these seminars.

## ITEM 5 – FEES AND COMPENSATION

Clients should review and understand all fees charged in their accounts. Clients could pay lower overall fees by investing in mutual funds or exchange traded funds directly, but they would not receive the Firm's services.

### PORTFOLIO ADVISORY SERVICES

The Firm charges Clients in the GPAS Program an annual Client Fee. The Client Fee includes two parts: an Advisory Fee, which Clients negotiate with their Financial Adviser to pay for his/her services, and a Program Fee to cover administrative costs. (The Program Fee does not cover Schwab's trade execution costs, which is one reason why the GPAS Program is not a wrap fee program.)

One-fourth of the Client Fee is collected at the end of every calendar quarter based on the value of managed assets on the last business day of the just-ended quarter. The Client Fee charged is a "blended-rate" fee because it decreases as assets managed for the Client increase. Clients pay a lower fee on assets added at higher tiers, but the reduced fee does not apply to assets in lower tiers. For example, the Firm charges a maximum Client Fee of 1.80% on the first \$249,999 of assets managed, and a maximum fee of 1.75% on assets from \$250,000 to \$499,999.

The Firm charges Clients who open a DFA Global advisory account a GPAS Program Client Fee. Clients must indicate at account opening if they wish to group their DFA Global advisory account with any existing GPAS Program accounts for fee calculation purposes.

Clients who had accounts before January 1, 2011, may have a different fee schedule for such accounts, and should refer to their Financial Advisory Agreement for the fees applicable to their accounts. The Firm may change the Client Fee Schedule with 60 days' notice to Clients. Clients are mailed quarterly fee statements before Client Fees are deducted. Statements from the custodian also note deductions of Client Fees.

Clients may request that the Firm aggregate their accounts to reach fee breakpoints, subject to Firm approval. Clients pay Client Fees only after trading begins. Trading begins after a GPAS Portfolio's current fair market value of managed assets reaches \$50,000. The Firm may assess Client Fees up to 30 days after it receives notice of termination. The Firm will prorate Client Fees on a daily basis when it does not manage a Client's assets for the entire quarter. Some Financial Advisers are CPAs and perform audit services for a Client's business. In these situations, at Client request, the Firm allows quotes of GPAS Program fees on a fixed-fee basis.

Two or more Financial Advisers may share Advisory Fees. The Firm may share Advisory Fees with a bank or other financial institution because of networking agreements with those financial institutions. The Firm's arrangements with these financial institutions may create conflicts of interest. These institutions may be influenced to refer Clients because of the compensation they could receive. The Firm addresses this risk by reviewing all new accounts to make sure they are suitable for Clients. The Firm also addresses these conflicts by providing disclosure here in the Form ADV Part 2A.

The Firm may reduce the Advisory Fee portion of the Client Fee (but not the Program Fee) for Clients who invested in securities with Genworth Financial Securities Corporation and paid a commission. The Firm will reduce Client Fees based upon commissions paid within the 12 months prior to signing a Financial Advisory Agreement. The Firm will apply the offset on a pro rata basis, with one month's Advisory Fee waived for each month remaining in the 12-month period between the date of the commission charge and the date the fees were first applied to the account, according to the Financial Advisory Agreement. Clients will not receive a refund if the commissions paid exceed the Advisory Fee in the first year or if they close their GPAS Program account in the first year.

### RETIREMENT PLAN SERVICES

The Fee Schedule for Retirement Plan Services is below. One-fourth of the Plan Fee is collected at the end of every calendar quarter, based on the value of total plan assets in the RPS program on the last business day of the just-ended quarter.

		CLIENT FEE FOR GLOBAL AND STANDARD CORE PORTFOLIOS	
PORTFOLIO VALUE		ANNUAL PROGRAM FEE (%)	STANDARD ANNUAL ADVISORY FEE (%)
TIER MIN	TIER MAX		
\$50,000	\$249,999	.45	1.35
\$250,000	\$499,999	.40	1.35
\$500,000	\$999,999	.35	1.35
\$1,000,000	\$1,999,999	.30	1.20
\$2,000,000	\$4,999,999	.20	1.00
\$5,000,000	over \$5,000,000	.20	.75

  

CLIENT FEE FOR OTHER PORTFOLIOS		
	ANNUAL PROGRAM FEE (%)	STANDARD ANNUAL ADVISORY FEE (%)
75%-85% Fixed Income Allocation Portfolios (\$50,000 and up)	.20	.65
Capital Preservation Portfolio (\$50,000 and up)	.15	.45



PLAN ASSETS		PLAN FEE	
TIER MIN	TIER MAX	PROGRAM FEE (%)	STANDARD ANNUAL ADVISORY FEE (%)
\$50,000	\$249,999	.35	1.00
\$250,000	\$499,999	.25	1.00
\$500,000	\$999,999	.20	1.00
\$1,000,000	\$1,999,999	.15	1.00
\$2,000,000	\$4,999,999	.10	1.00
\$5,000,000	\$99,999,999	.10	.75

“Total plan assets” means the aggregate fair market value of the all funds, securities and other assets of the Plan in the RPS, minus any liabilities. Retirement Plans with agreements with the Firm before January 1, 2011, may have a different fee schedule.

### THIRD-PARTY ASSET MANAGEMENT PROGRAMS (“TAMPS”) AND WRAP FEE PROGRAMS

TAMP and wrap fee program providers determine the maximum fee schedules generally. The advisory agreements executed during the account opening describe the applicable fees. For fee information about particular wrap fee programs, refer to the Part 2A Appendix 1 brochures for those programs.

### VISIONMAP

For VisionMap, Clients negotiate the financial planning fee with the Financial Adviser. The financial planning fee depends on the complexity of the financial plan required. The maximum financial planning fee charged is \$5,000 per written financial plan. A Financial Adviser collects the financial planning fee check, which Clients write to the Firm, after the Financial Adviser delivers the written financial plan.

### OTHER FEES OR EXPENSES

#### *Custodian, Transaction and Brokerage Costs, and Other Costs*

GPAS Program and MWA Clients must open accounts with Schwab, which serves as the broker/dealer and custodian for these programs. Schwab’s fees are described in Section 12. Retirement Plan Services Clients also retain and pay for the services of a recordkeeper and third-party plan administrator and broker/dealer custodian. TAMPs program Clients may also pay custodian, transaction, and/or brokerage costs, which are further disclosed in documents provided during the account opening process.

#### *Internal Expenses of Mutual Funds and Exchange Traded Funds*

Financial Advisers may recommend that Clients purchase shares in mutual funds and/or exchange traded funds (collectively, “Funds”). These investments have internal expenses. The Funds describe these expenses in their prospectuses, summary prospectuses, or product descriptions. These fees generally include a fund management fee, other fund expenses, and a possible distribution fee. In addition, some Funds charge a redemption fee on shares bought and sold within a short period.

### 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Firm does not charge performance-based fees. Performance-based fees are investment advisory fees based on a share of capital gains on, or capital appreciation of, Client assets. The Firm charges fees based upon a percentage of assets that the Firm manages; these fees are not performance-based fees.

### 7 – TYPES OF CLIENTS

The Firm provides portfolio management services to individuals, tax-qualified retirement plans, and other U.S. institutions.

The Firm’s managed money programs are suitable for Clients seeking a long-term investment program that allows them to work with an investment adviser and pay the adviser an ongoing advisory fee. Its programs are not suitable for short-term investors, those who need trade execution only, or those who require only incidental investment advice.

### 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Investing in securities involves risk of loss that Clients should be prepared to bear.

#### METHODS OF ANALYSIS

To form recommendations, the Firm may use both publicly available and licensed information, and gather due diligence information. The Firm may use information from Morningstar Principia, Factset, Lipper, or other investment software. The Firm may use information learned from participation in Fund manager conference calls and on-site due diligence meetings.

#### INVESTMENT STRATEGIES

##### *Portfolio Advisory Services*

The Firm invests Portfolio Advisory Services Clients’ balances in institutional mutual funds, U.S. government securities, and municipal bonds. Institutional mutual funds generally are available only to very large investors and have lower expenses than mutual funds available

to retail mutual fund purchasers. If a Client instructs transfers of individual stocks or bonds into a GPAS account, traders will liquidate the securities or request that the Client open an unmanaged brokerage account at Schwab to hold these investments.

The Firm analyzes mutual funds by reviewing their historical performance and standard deviation, their performance relative to other mutual funds, their investment objectives as explained by their prospectuses, and as other factors. The Firm uses an internally developed process to design Portfolios with broad exposure to the domestic and international markets. Clients may select a Standard Core portfolio or a Global Core portfolio for their investment objectives. Global Core portfolios offer increased exposure to international markets.

The Firm's Investment Oversight Committee regularly reviews the asset classes and mutual funds it includes in its model Portfolios. From time to time, the Committee may add or delete mutual funds. If this occurs, the Committee may decide to apply the changes to current Client accounts, where applicable. Addition or deletion of a mutual fund will not typically materially change the target asset allocation and the stock/bond ratio of affected Portfolios.

Dollar cost averaging is available to Clients with account balances of \$250,000 or more under management, except for the Capital Preservation GPAS Portfolio. With dollar cost averaging, traders invest approximately equal portions of a Client's accounts over a period of months to the Client's asset allocation. Traders seek to have Clients' accounts fully invested after three months.

Traders review GPAS Portfolios monthly and rebalance them when the actual allocation to an asset class drifts from its target allocation by more than a certain specific percentage. The Investment Oversight Committee determines the percentage of "drift" that will trigger rebalancing.

#### *Retirement Plan Services*

The Firm uses the same investment strategies for RPS Portfolios as it uses for GPAS Program Portfolios.

#### *TAMPS*

Clients should review Form ADV 2A of the investment advisers who provide TAMP programs for information on the investment strategies used.

#### *VisionMap*

VisionMap is a comprehensive financial planning program. The idea behind VisionMap is that, with a financial plan, Clients are better able to meet their financial goals.

#### *Wrap Fee Programs*

Clients should refer to Form ADV Part 2A, Appendix 1, for MWA for details on these investment strategies.

For GFWM Clients, Financial Advisers may use model portfolios of mutual funds, exchange traded funds (ETFs), and/or variable annuity sub-accounts provided by institutional investment strategists. With the GFWM Platform, Financial Advisers may recommend an investment manager who provides discretionary management of individual portfolios.

Financial Advisers assist GFWM Clients in selecting their risk/return objective and Portfolio Strategists who best suit their objectives. Clients choose their asset allocation and direct traders automatically to adjust the account to reflect any changes in asset allocation by the selected Portfolio Strategist. This results in the purchase and sale of certain mutual

funds or ETFs (or transfers between variable annuity sub-accounts) without the need for further authorization from Clients or any other party.

GFWM Platform Clients receive confirmation of all transactions on the account(s) and are free to terminate participation in the GFWM Platform and retain or dispose of any assets at any time. The Firm has no authority to cause any purchase or sale of securities in any GFWM Platform account, to change the selected model asset allocation or to direct the account to be invested in any manner other than as previously authorized by the Client.

### **RISKS**

#### *Asset Class-Related Investing Risks*

Investing always entails some risk. Listed below are some risks associated with the categories or asset classes of mutual funds and ETFs the Firm may recommend. Although these investments have a stated objective they try to achieve by investing in certain types of securities, there is no guarantee they will achieve their objective.

- Growth mutual funds and ETFs invest in stocks of companies that portfolio managers believe have potential for significant long-term growth, which may mean these mutual funds and ETFs have a higher risk of price volatility and therefore require longer holding periods.
- Value mutual funds and ETFs invest in companies that managers believe are currently undervalued and may increase in value in the future.
- Mid-Cap mutual funds and ETFs may entail greater price volatility and less liquidity than investing in stocks of larger companies. Medium-sized companies may have limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies.
- Small-Cap mutual funds and ETFs invest in stocks of companies in up-and-coming industries or firms in the early growth stages. Because these businesses are fast growing and sometimes richly valued, their stocks tend to move up or down in value more than stocks of larger, more established companies.
- International mutual funds and ETFs focus on investing in stocks outside the United States, generally in more economically developed markets. These investments present special risks, including currency fluctuation, the potential for diplomatic and political instability, regulatory and liquidity risks, foreign taxation, and differences in auditing and other financial standards. This may result in greater share price movement, and these mutual funds and ETFs often have higher internal expenses than domestic stock investments.
- Global mutual funds and ETFs invest in both U.S. and international securities.
- Emerging Markets mutual funds and ETFs focus on investing in stocks of companies in lesser-developed foreign markets. These investments can be riskier than investments in more established foreign countries. These mutual funds and ETFs may also include higher expenses. These investments generally invest in growth and small-cap investments that may experience wide price swings. They also have the same risks as other foreign investments (such as currency fluctuations and the effect of political uncertainties).
- Real Estate mutual funds and ETFs are susceptible to the financial, market and economic events affecting the real estate industry and the companies in that industry, so they may entail more risk than less concentrated investments. Risks of real estate investments are similar to those associated with direct ownership of real estate, including changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and creditworthiness of the issuer.



- Mutual funds and ETFs that invest in U.S. Treasury and agency securities are subject to market and inflation risk, since the investments seldom hold any of the bonds until maturity. Before maturity, almost all bonds fluctuate in value based on changes in interest rates. If the mutual funds and ETFs do not generate enough after-tax income to keep up with inflation, the value of the income generated declines relative to living costs each year. The U.S. government issues U.S. Treasury securities, which investors generally consider safe investments. U.S. Treasuries pay relatively lower interest rates than other bond securities. Federal government agencies issue government agency bonds. Major issuers of agency bonds are Government National Mortgage Association (GNMA) and Tennessee Valley Authority (TVA). The U.S. government backs GNMA securities by its full faith and credit, subject to market risk. The U.S. government does not guarantee TVA bonds, but the power revenue generated by TVA secures the bonds.
- Mutual funds and ETFs that invest in inflation-protected securities react differently from other bond securities to changes in interest rates. Because interest rates on inflation-protected securities adjust for inflation, inflation forecasts do not materially affect their value. The value of inflation-protected securities will more likely respond to changes in “real” interest rates, which represent nominal (stated) interest rates reduced by the expected impact of inflation. Generally, the value of inflation-protected securities will fall when real interest rates rise and will rise when real interest rates fall.
- Municipal Bond mutual funds and ETFs generate income that is generally free from federal and state taxes for residents of the issuing state. While the income is tax free, capital gains, if any, will be subject to taxes. Income for some investors may be subject to the federal Alternative Minimum Tax (AMT).
- Ultra-Short Bond mutual funds and ETFs invest only in bonds with very short-term maturities, usually one year or less. Short-Term Bond mutual funds and ETFs typically invest in bonds whose average time until maturity is between 1 and 3.5 years. Investing in these bond mutual funds and ETFs may offer higher yields than money market instruments, with less price variation than a longer-term bond fund. Since these investments have very low durations, changes in interest rates will affect their value less than they will a medium- or long-term bond fund. These investments are vulnerable to inflation risk.
- Intermediate-Term Bond mutual funds and ETFs have average durations that are greater than 3.5 years and less than six years. Most of these mutual funds and ETFs rotate among a variety of sectors in the bond market, based upon which appear to offer better values. There is exposure to financial, market, credit, prepayment, and interest rate risks.
- Long-Term Bond mutual funds and ETFs have average durations that exceed six years. Most of them hold some portion of assets in corporate bonds — either investment-grade or high-yield issues, or both. Overall, these investments outperform other bond categories in falling interest rate environments, but they tend to incur greater losses when interest rates rise. Bonds with longer maturities tend to be more sensitive to changes in interest rates than debt securities with shorter durations.
- High-Yield Bond mutual funds and ETFs have a high-income potential, with broad diversification across bond sectors to help lower volatility. Bonds have credit and interest rate risks because, when rates rise, prices of bond investments generally fall. Lower-rated bonds (commonly referred to as “junk bonds”) are more at risk of default.
- Convertible-Bond mutual funds and ETFs invest in convertible securities. They convert into a predetermined amount of the company’s stock at certain times during the life of the bond. They tend to offer a lower rate of return in exchange for the value of the option to trade the bond into stock.

- Bank Loan mutual funds and ETFs invest primarily in floating-rate bank loans instead of bonds. In exchange for their credit risk, these loans offer interest payments that typically float above a common short-term benchmark, such as the London Interbank Offered Rate, or LIBOR. A slowdown in the economy could increase these mutual funds and ETFs’ credit risk. Bank Loan mutual funds and ETFs may invest in below-investment-grade senior loans. Investment in Bank Loan investments involve the risk that borrowers may default on obligations or that lenders may have difficulty liquidating the collateral securing the loans or enforcing their rights under the terms of the senior loans.
- Precious Metals mutual funds and ETFs focus on mining stocks, although some do own small amounts of gold bullion. Most of these mutual funds and ETFs concentrate on gold mining stocks, but some have significant exposure to silver, platinum, and base metal mining stocks, as well. There can be increased volatility and exposure to issues affecting this sector. These investments are extremely risky and may include foreign securities investments.

#### *Risks of ETFs*

ETFs incur capital gains tax when they are sold, and, like mutual funds, ETFs may incur capital gains taxes during the life of the investment although ETFs are considered more tax efficient. ETFs have risks that that mutual funds may not have.

- Unlike mutual funds, shares of ETFs are not individually redeemable directly with the issuing investment company. The investment company sponsoring the ETF is not required to repurchase it at net asset value.
- ETFs that are widely traded index funds are typically easily sold. However, market conditions may occur that create wide bid-ask spreads. The “bid” is the price a buyer is willing to pay to obtain an ETF. The “ask” is the price at which a seller is willing to sell an ETF, and the “spread” is the range between the highest bid (price at which a person is willing to buy a security) and lowest ask (price at which a person is willing to sell a security). The bid-ask spread may widen at market open and market close, or at other times when there are fewer trades occurring, and when there are earnings reports and general economic releases. With MWA, the Firm purchases ETFs as market orders and not as limit orders that trigger on certain prices, and seeks to execute trades within the next trade cycle after traders receive instructions from Financial Advisers so that traders do not seek (and cannot take requests) to schedule ETF trades for a price advantage.
- If an ETF declares a distribution, it trades lower by the amount of the distribution on the ex-dividend date, which is the day on which all shares bought and sold no longer come attached with the right to the most recently declared dividend. You must own a stock before the ex-dividend date in order to receive the next scheduled dividend.
- ETFs may be more volatile intraday, which may offer opportunities for day traders or traders with short-term time horizons.
- ETFs that track an index seek to minimize tracking error, which means they seek to replicate the index’s security holdings as closely as possible. As a result, when the index changes its holdings, the index ETFs may purchase a security for its basket of securities at less opportune times.

#### *Rebalancing Risks*

Rebalancing can involve investment risk. Rebalancing typically involves the sale of stronger performing securities and the purchase of weaker performing securities to maintain Clients’ targeted asset allocation mix; during sustained down market periods, rebalancing may have a short-term negative effect on returns.

*Sources for Additional Risk Information*

For Clients considering a TAMP or wrap fee program account, additional risk information is provided by the investment advisers who provide these investment services and are provided in the Firm's Form ADV Part 2A, Appendix 1, Wrap Fee Program Brochure for MWA.

**9 – DISCIPLINARY INFORMATION**

Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to Clients' evaluation of them or the integrity of their management. The Firm has no legal or disciplinary events to report.

**10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS****OUTSIDE BUSINESS ACTIVITIES OF FINANCIAL ADVISERS**

Financial advisers may be principals or owners of their own tax or accounting firms, or law firms, or may be pension consultants or have other businesses. Financial Advisers may establish a registered investment advisory firm to offer financial planning or other advisory services. The operation of these business entities may create a conflict of interest for Financial Advisers who must assume multiple roles. The Firm addresses this conflict of interest through disclosure in these Financial Advisers' Form ADV Part 2B. Clients of the Firm are not obligated to use the services of these other business entities.

Additionally, the Firm has no ownership interest in these business entities. Financial Advisers offer the services of these companies separately from the services offered by the Firm. The Firm does not share any fees paid for services offered by these business entities.

**AFFILIATED COMPANIES**

Genworth Financial Advisers Corp. is an indirectly wholly owned subsidiary of Genworth Financial, Inc. ("GFI"), which is a publicly held company (NYSE: GNW). GFI and its affiliates may issue other securities. GFI wholly owns directly or indirectly numerous affiliated companies, which are under common control with the Firm. The next paragraphs list the affiliated companies (other than the Firm) engaged in the securities business and describe their businesses:

- Altegris Advisors, L.L.C. (Altegris Advisors)
- Altegris Portfolio Management, Inc. (Altegris Funds)
- Altegris Clearing Solutions, L.L.C. (Altegris Solutions)
- Altegris Futures, L.L.C. (Altegris Futures)
- Altegris Investments, Inc. (Altegris Investments)
- Capital Brokerage Corp. (CBC)
- Genworth Financial Securities Corp. (GFSC)
- Genworth Financial Trust Company (GFTC)
- Genworth Financial Wealth Management, Inc. (GFWM)

Altegris Advisors, L.L.C. (Altegris Advisors)

Altegris Advisors, L.L.C. is a Delaware limited liability company formed in February 2010 that started its advisory operations in August 2010. Altegris Advisors is registered with the Securities and Exchange Commission (SEC) and serves as the investment adviser to the Altegris Managed Futures Strategy Fund, a series Delaware Trust.

Altegris Advisors may also act in the capacity of Portfolio Strategist for GFWM.

Altegris Portfolio Management, Inc. (Altegris Funds)

Altegris Portfolio Management, Inc., dba "Altegris Funds," is an Arkansas corporation and a commodity pool operator registered with the Commodities Futures Trading Commission (CFTC), a member of the National Futures Association, and an SEC-registered investment adviser. Altegris Funds acts as the sponsor for various pooled investment vehicles offered on a private placement basis, including commodity pools and hedge funds.

Altegris Clearing Solutions, L.L.C. (Altegris Solutions)

Altegris Clearing Solutions, L.L.C. is a Delaware limited liability company registered as both a futures introducing broker and a commodity trading advisor with the CFTC and a member of the NFA. Altegris Solutions introduces futures separate accounts of its Clients to various futures commission merchants and provides futures-related consulting services and access to a platform of managed futures trading programs.

Altegris Investments, Inc. (Altegris Investments)

Altegris Investments, Inc. is an Arkansas corporation and is a registered broker/dealer and member of the Financial Industry Regulatory Authority ("FINRA"). Altegris Investments acts as a selling agent and wholesaling agent for commodity pools and hedge funds sponsored by its affiliate, Altegris Funds and as a distributor of mutual funds advised by its affiliate Altegris. Altegris Investments also acts as a third party selling agent for non-affiliated hedge funds and commodity pools. Through its affiliate, Altegris Solutions, Clients of Investments may access a platform of managed futures trading programs.

Altegris Futures, L.L.C. (Altegris Futures)

Altegris Futures, L.L.C. is a Delaware limited liability company registered as an introducing broker with the CFTC and is a member of the NFA. Altegris Futures acts as introducing broker for commodity pools sponsored by its affiliate, Altegris Funds.

Capital Brokerage Corp. (CBC)

Capital Brokerage Corporation is a registered broker/dealer and member of FINRA. CBC is the distributor of GFWM's proprietary mutual funds, the GuidemarkSM Funds (formerly known as the AssetMark Funds), the GuidePathSM Funds, the Genworth Variable Insurance Trust ("GVIT") and the Contra Fund.

Genworth Financial Securities Corp. (GFSC)

Genworth Financial Securities Corporation is a registered broker/dealer and member of FINRA and Securities Investor Protection Corporation (SIPC). GFSC offers securities to retail Clients through a network of independent contractors.

Genworth Financial Trust Company (GFTC)

Genworth Financial Trust Company is an Arizona-chartered trust company that currently serves as the custodian for certain GFWM advisory and platform services. Clients of GFWM pay a management fee that includes payment for custodial services, and GFWM pays a fee to GFTC to cover its custodial services.

Genworth Financial Wealth Management, Inc. (GFWM)

Genworth Financial Wealth Management, Inc. is an SEC-registered investment adviser and offers various advisory wrap fee programs, some of which contain proprietary mutual funds, advised by GFWM.

## INSURANCE COMPANY OR AGENCY AFFILIATES

GFSC is a licensed insurance agency.

GFI also owns directly or indirectly several life insurance companies and agencies. These include Genworth Life and Annuity Insurance Company (GLAIC), Genworth Life Insurance Company, and Genworth Life Insurance Company of New York. GLAIC is the issuer of the LifeHarborSM Series, Genworth Financial Wealth Management Group Guaranteed Income Annuity Certificate.

## CONFLICTS DUE TO BUSINESS DEALINGS WITH AFFILIATES

The Firm does not consider its affiliations to create a material conflict of interest for the Firm or its Clients. Nevertheless, the Firm has procedures that address any potential conflicts of interests that might arise from its affiliate relationships. The Firm does not conduct joint business operations with any related investment adviser. The Firm does conduct joint business operations with GFSC because its Financial Advisers are also registered representatives of that company. To address the potential conflicts of interest arising from its relationship with Genworth Financial Securities, the Firm does not use it as the broker/dealer for any Client account.

The Firm may have business dealings with and may offer investment advice formulated by GFWM and Altegris Advisors. Its Clients may also be the advisory Clients of these related investment advisers. The Firm's relationship with these related investment advisers might cause it to view the advice they provide to Clients less critically. The Firm addresses this possible conflict of interest by disclosing these conflicts here in the Part 2A and by disclosing the fees paid to affiliates as a result of its actions and by conducting documented due diligence of the investment services provided by its related investment advisers.

## 11 – CODE OF ETHICS

This Section describes how the Firm addresses and monitors the conflicts of interests that might arise from managing Client accounts.

### CODE OF ETHICS AND PERSONAL TRADING

The Firm has adopted a Code of Ethics consistent with Rule 204A-1 of the Investment Advisers Act of 1940. All supervised persons at the Firm must acknowledge the terms of the Code of Ethics annually. The Code of Ethics requires supervised persons to act with integrity, to comply with applicable regulations, and to conduct personal securities trades that do not conflict with the fiduciary responsibilities owed to Clients. A copy of the Code of Ethics is available to Clients upon written request to the Chief Compliance Officer at Genworth Financial Advisers Corp.'s Schaumburg office address: 200 North Martingale Rd, Schaumburg, IL 60173.

### PARTICIPATION IN CLIENT TRANSACTIONS

Financial Advisers may buy or sell securities that they own or have interest in for Client accounts. Finally, Financial Advisers may buy or sell securities for Client accounts at or about the same time that they may buy or sell the same securities for themselves. The Firm believes these trades do not pose a significant risk to Clients. The Firm only facilitates trades for GPAS Program and MWA Clients. (A third party trades other Client accounts.) The Firm invests GPAS Program Clients in non-affiliated mutual funds. For MWA, the Firm may invest Clients in non-affiliated mutual funds and ETFs. As part of its Code of Ethics enforcement, the Firm monitors Financial Advisers' trades in personal

accounts. The Firm will correct trades to remove any benefit to a Financial Adviser who buys or sells an ETF in a personal account if it appears the Financial Adviser's transaction conflicted with a Client's similar transaction in a managed account.

## NO PRINCIPAL OR AGENCY CROSS-TRANSACTIONS

The Firm does not conduct any principal or agency cross securities transactions for Client accounts. The Firm also does not cross-trade between Client accounts.

## RELATED PERSONS MAY BE CLIENTS

The Principal Executive Officers and other personnel of the Firm, its Financial Advisers and members of their households may be Clients of the Firm. The Firm treats advisory accounts opened by a related person the same as it treats the advisory accounts of any other Client, although the advisory fee charged and the account minimum applied may be reduced. All other regular program fees and features/restrictions apply.

## 12 – BROKERAGE PRACTICES

This Section describes how the Firm addresses and monitors potential conflicts of interests that might arise from its trade practices.

### DIRECTED BROKERAGE

*The Portfolio Advisory Services and Managed Wealth ADVANTAGE Programs Have Directed Brokerage*

The Firm requires that GPAS Program Clients and MWA Clients open brokerage accounts with Schwab, a registered broker/dealer and SIPC member. Schwab will buy and sell securities when the Firm instructs it to. While we require that Clients use Schwab as custodian/broker, Clients can decide whether to do so and can open Schwab accounts by entering into an account agreement directly with them. The Firm does not open the account for Clients, although the Firm may assist Clients in doing so. If a Client does not wish to place assets with Schwab, then the Firm cannot manage the account as GPAS Program or MWA accounts.

Financial Advisers inform Clients of Schwab's fees at account opening. Schwab charges commissions on trades it executes or that settle into Client accounts, or charges a percentage of the dollar amount of assets in Client accounts in lieu of commissions. Schwab does not charge separately for custody services. The Firm does not receive any portion of the fees paid to Schwab and does not offset its fees to compensate Clients for fees paid to Schwab. For Information on Schwab's charges, Clients should refer to their signed "Asset-Based Pricing Addendum to Account Applications and Agreements," which is a Schwab form. Alternatively, if Clients opted for transaction-based pricing, Clients should refer to the "Charles Schwab Pricing Guide."

The Firm believes that executions obtained on transactions for Clients are competitive and the commissions are reasonable in relation to the value of brokerage services offered by Schwab. Services provided by Schwab include, but are not limited to, discounted fees for institutional trading software, Schwab employees dedicated to servicing Client accounts, and support of training and conference events. Services are not contingent on any specific amount of custody or trading business. Schwab's services may influence the Firm's decision to direct Clients to open accounts. The Firm addresses this potential conflict of interest by disclosing it here in the Part 2A. The Firm may also receive shareholder-servicing fees from Schwab based on assets

held in MWA, which could create another conflict of interest. The Firm discloses this arrangement to Clients in the Form ADV Part 2A, Appendix 1, for MWA.

*No Directed Brokerage for Retirement Plan Services, TAMPs, and VisionMap*

Retirement plan fiduciaries direct which broker/dealer custodian their retirement plans will use. The recordkeeper communicates the trades for retirement plans to the broker/dealer. With TAMPs, the broker/dealer custodians used are firms the TAMP has selected; the Firm has no control over these arrangements. VisionMap results in a financial plan and does not require opening a brokerage account.

## BEST EXECUTION

The Firm has arranged for Schwab to trade GPAS Program accounts and MWA accounts. The Firm invests GPAS Program and MWA Clients in non-affiliated mutual funds and/or ETFs. Mutual funds receive the NAV price at the market close on their trade date, so best execution is not an issue for mutual funds. Best execution is an issue for ETFs traded in MWA. The Firm seeks the best execution available under the circumstances for its MWA trades and periodically evaluates trading processes and the transaction execution quality Clients receive for opportunities for improvement.

Having Schwab trade for the GPAS Program and MWA is consistent with the duty to seek “best execution” for Clients’ trades. “Best execution” means the most favorable terms for a transaction based on all relevant factors. When the Firm selected Schwab, it considered a wide range of factors:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (to buy and sell securities for Client accounts)
- Ability to facilitate wire transfers, check requests, bill payments, and other account services
- Breadth of available mutual funds and ETFs and other investment products
- Availability of investment research and tools to assist in making investment decisions
- Quality of services
- Competitiveness of the price of those services (for example, commission rates, margin interest rates, and other fees) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to the Firm and Clients
- Availability of other products and services that benefit the Firm or Clients

## AGGREGATED TRADES

When multiple Clients require purchases or sales in the same security, the Firm may aggregate or trade their orders in blocks. Traders aggregate Clients’ orders only in non-affiliated mutual fund orders in Portfolio Advisory Services. The Firm also aggregates trades in MWA, where Clients invest in non-affiliated mutual funds and ETFs. For ETFs, traders may not completely fill the block orders, which raise a potential conflict of interest issue of how to treat Clients fairly. The Firm addresses this in multiple ways. First, recommended ETFs generally have sufficient shares to minimize instances when traders cannot completely fill orders. Second, participating Clients receive a pro-rata share of the securities purchased when traders cannot completely fill orders. Third, when traders fill an aggregated block at different price levels throughout a day, participating Clients in a trade block receive the average price of all executed securities in that order.

## RESEARCH AND OTHER SOFT DOLLAR BENEFITS

The Firm does not receive any research or soft dollar benefits.

## 13 – REVIEW OF ACCOUNTS

### MANAGED MONEY ACCOUNTS

Clients have direct access to their Accounts at all times, and will receive regular communications from the account custodian, including account statements and year-end tax information.

The Firm issues quarterly written performance reports to GPAS Program and MWA Clients. Additionally, Clients invested with a TAMP or in a wrap fee program offered by GFWM receive periodic written reports about their accounts. These written reports generally contain a list of assets, investment results, and statistical data related to the Client’s account. The Firm urges Clients to carefully review these reports and, if there are any questions, to immediately notify their Financial Advisers. Clients should compare the statements they receive from their custodian to the reports by the Firm, a TAMP or GFWM. If the information in the reports varies from custodial statements, Clients should immediately notify their Financial Advisers. Clients should generally only use cost basis information provided by the custodian for tax reporting purposes.

Fiduciaries of retirement plans advised through Retirement Plan Services have daily access to the performance of their plan participants’ accounts via a website serviced by the plan’s recordkeeper. As a result, they do not receive any written performance reports from the Firm.

The Firm’s Investment Oversight Committee meets regularly to monitor the performance of recommended investments in the GPAS Program and MWA and RPS Portfolios. The Investment Committee establishes the investment policies used by traders of these programs and may change the policies when it is determined such action is warranted.

Finally, Financial Advisers meet, or offer to meet, at least semi-annually with Clients to review their accounts and the advisory relationship. Branch office examiners document and confirm the meetings or offers to meet during periodic audits.

### VISIONMAP

VisionMap’s financial planning relationship is limited to delivery of the financial plan and terminates upon delivery of the financial plan. When a Financial Adviser or Client wishes to update an existing financial plan, the Financial Adviser and Client will execute a new financial planning engagement.

## 14 – CLIENT REFERRALS AND OTHER COMPENSATION

### CLIENT REFERRALS

The Firm has engaged solicitors (“Referring Partners”) to assist in identifying and soliciting potential Clients who may be interested in the advisory services offered. For Accounts referred, the Firm compensates the Referring Partner for his/her solicitation services. The Referring Partner cannot be a fiduciary, trustee or administrator to the Client’s ERISA or tax-qualified retirement plan.



The Firm will pay the referral fees from the usual and customary advisory fees it receives. Clients' advisory fees do not increase because of the Referring Partner's services. The Firm will pay the Referring Partner a portion of the advisory fees that the Firm would otherwise pay to a Client's Financial Adviser.

The Referring Partner has no other relationship with the Firm or any of its affiliates. The Referring Partner does not render any investment advice.

Additionally, the Firm may receive referrals from Schwab and pays Schwab a participation fee on referred accounts. The participation fee paid is a percentage of the advisory fee. Referred Clients are subject to the same fee schedule applicable to other Clients.

In soliciting advisory Client prospects, each Referring Partner and Financial Adviser agrees to comply with the Referring Partner Program requirements. Additionally, the Firm does not permit a Referring Partner to solicit any retirement plan subject to ERISA or any tax-qualified retirement plan for which the Referring Partner is a plan fiduciary, trustee, or administrator, or where the Referring Partner is a director, owner, or more than 5% owner of the plan sponsor. In addition, the Firm does not allow Referring Partners to solicit any government entity Clients and does not pay for referrals of any government entity Clients.

Occasionally a bank may hire the Firm to be the investment adviser for a trust account. In such situations, The Firm may share part of the Client Fees charged.

## ADDITIONAL ECONOMIC BENEFITS RECEIVED

### Charles Schwab & Company

The Firm receives an economic benefit from Schwab in the form of the support products and services it makes available. These products and services, how they benefit the Firm and the related conflicts of interest are described above (see Section 12 – Brokerage Practices). Schwab provides its products and services without regard to the Firm's investment advice.

The Firm also recommends and uses Schwab mutual funds in the GPAS Program and MWA. While, as a fiduciary, Genworth Financial Advisers endeavors to act in its Clients' best interests, Genworth Financial Advisers receives Schwab services, which may create a potential conflict of interest. See the discussion of services provided by Schwab in Section 12. You may also see the MWA's Wrap Fee Program Brochure for a discussion of the services provided by Schwab for MWA accounts and the compensated shareholder services Genworth Financial Advisers provides to Schwab for MWA Clients.

### Dimensional Fund Advisors and Other Service Providers

The Firm may use Dimensional Fund Advisors mutual funds in the GPAS Program and RPS. The Firm receives Dimensional Fund Advisors services that may create a potential conflict of interest. These services include software the Firm uses to monitor Portfolios, market research, consulting services from third parties and training, marketing, and sales support.

Additionally, the Firm may receive monetary support for training and conference events from our service providers. This may raise a potential conflict of interest. The Firm's selection of entities to provide services or investment products in connection with its advisory programs is not contingent on their sponsorship of training and conference events.

### GFWM Platform

With respect to the GFWM Platform, the Firm may receive certain allowances, reimbursements, or services from GFWM, as described below and in the Appendix 1 of the GFWM Platform Disclosure Brochure.

Financial Advisers who qualify for GFWM's Gold/Platinum Premier Consultant Program receive a quarterly business development allowance for reimbursement for qualified marketing/practice management expenses incurred. These amounts range from \$5,000 to \$105,000 annually, depending on the amount of assets managed on the GFWM Platform.

GFWM may also bear the cost of airfare for Financial Advisers to attend GFWM's annual conference or to conduct due diligence visits to GFWM's offices. In addition, GFWM may contribute to the costs incurred for conferences or events conducted by the Firm.

GFWM may provide the Firm fee reductions and/or allowances in amounts ranging from .02% to .07% of the amount of assets invested through the GFWM Platform. GFWM may provide the Firm or Financial Advisers with organizational consulting, education, training, and marketing support. The Firm may agree to provide GFWM with introductions to and information concerning its Financial Advisers, provide Financial Advisers information concerning GFWM's Platform and products, and permit GFWM to participate in its meetings and workshops.

## 15 – CUSTODY

The Firm does not provide custodial services to Clients. Qualified custodians are the actual holders of Client assets. Clients will receive statements directly from the qualified custodians at least quarterly. Qualified custodians send the statements using the email or postal mailing address Clients provide. The Firm strongly urges Clients to review these statements promptly and carefully and to compare the custodial records to the reports the Firm provides. The information in the Firm's reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities. Clients should use the cost basis information in custodial statements for tax reporting purposes.

## 16 – INVESTMENT DISCRETION

The Firm generally manages accounts on a non-discretionary basis. Non-discretionary authority means that Financial Advisers will request authorization from Clients before implementing investment changes not related to rebalancing accounts back to targeted allocations.

## PORTFOLIO ADVISORY SERVICES

The Firm accepts discretionary authority with Portfolio Advisory Services for the limited purpose of investing and rebalancing Clients so accounts managed together reflect their selected asset allocation. Clients authorize the Firm to determine, without obtaining further consent for each trade, the type and amount of securities the Firm will buy and sell in their accounts. The Firm generally purchases institutional, asset class no-load mutual funds, U.S. government securities, and municipal bonds for accounts.

## RETIREMENT PLAN SERVICES

The Firm does not implement trades for any retirement plans in Retirement Plan Services. The Firm monitors the Portfolios it recommends in Retirement Plan Services. If the Portfolios were to change, retirement plan fiduciaries would have the opportunity to decide whether to authorize recordkeepers to implement such changes.

## 17 – VOTING CLIENT SECURITIES

The Firm does not vote proxies on behalf of advisory Clients and does not provide advice regarding how to vote proxies. Clients retain the responsibility for receiving and voting proxies for securities maintained in their accounts.

## 18 – FINANCIAL INFORMATION

Registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Section. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has never been the subject of a bankruptcy proceeding. Genworth Financial, Inc., files quarterly and annual financial statements with the SEC. These are available through the SEC and on our website at the following location: [www.genworth.com](http://www.genworth.com).