

Manager Select Premier Wrap Fee Brochure

New England Securities
A MetLife Company

Wealth Management Services

Manager Select Premier

Wrap Fee Brochure

March 19, 2012

This wrap fee program brochure provides information about the qualifications and business practices of New England Securities Corp. If you have any questions about the contents of this brochure, please contact us at 1-800-731-7109. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about New England Securities Corp. is also available on the SEC's website at www.adviserinfo.sec.gov.

New England Securities Corp. is a registered investment adviser and securities broker-dealer. Please note that registration does not imply a certain level of skill or training.

New England Securities Corp.
1095 Avenue of the Americas
New York, NY 10036
1-(800)-731-7109

ITEM 2. MATERIAL CHANGES

Pursuant to SEC rules, this Item summarizes the specific material changes that have been made to this New England Securities Securities Corp. (“NES,” “the Firm,” “we,” “our,” or “us”) Form ADV disclosure brochure (“Firm Brochure”) since its last annual update of the Firm’s Brochure on 3/31/2011.

When required or appropriate, we will also provide clients interim summary updates of material changes to our Firm Brochure.

Clients may ask for a copy of our current Firm Brochure, which includes all material changes since the previous Firm Brochure, or a summary of material changes to the previous Firm Brochure at any time, without charge by contacting 1-800-731-7109.

The following is a summary of material changes:

Item 4. Service, Fees and Compensation

Effective November 15, 2011, the Firm modified how administrative charges are assessed against IARs. For details and any associated conflicts of interest, please refer to Item 4.2.d.1.

Item 4. Advisory Business, a. Portfolio Basics

Effective April 30, 2012, the MetLife Bank Money Market Account Sweep option will no longer be available and will be replaced by the Dreyfus Insured Deposit Program, which is a bank sweep product made available through Pershing LLC, the Custodian for client assets under the Program. Only Bank-Eligible Accounts, as defined in this Brochure, will have their assets in the cash investment style swept into the Dreyfus Insured Deposit Program while Bank-Ineligible Accounts will have such assets invested in a money market mutual fund, as described in this Brochure.

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ITEM 4. SERVICES, FEES AND COMPENSATION

a. Overview of the Advisory Services Offered by the Firm

The Firm makes available to you a number of proprietary and nonproprietary investment advisory programs and services. This Firm Brochure provides you with information about the Manager Select Premier Program (the “Program”) available through the Firm. If you wish to learn about other investment advisory programs and services that the Firm offers, you may contact the Firm or your IAR to receive a similar disclosure brochure for those programs and services.

b. Manager Select Premier Program

The Program is one of the Firm’s proprietary investment advisory programs. In addition to this Firm Brochure, you will receive from your IAR a disclosure brochure (“Lockwood Brochure”) for Lockwood Advisors, Inc. (“Lockwood”) which is the co-adviser and co-sponsor of the Program. You should carefully review the Lockwood Brochure, since it outlines important information about Lockwood and its role and responsibilities under the Program.

c. Program Overview

The Program allows a client to invest in equity securities in accordance with one or more equity model portfolios (“Models”) created by third party investment firms (“Model Providers”), exchange traded funds (“ETFs”) and/or mutual funds (“Funds”) and collectively with Models and ETFs, “Investment Options”) in accordance with the investment allocation profile (“Allocation Profile”) selected by the client. Under the Program, a client receives various services, including the following:

- Review of client’s investment objectives, risk tolerance and other financial information;
- Recommendation of prescreened Investment Options
- Asset allocation recommendations based on the client’s financial circumstances;
- Investment advice as to which Investment Options meet the client’s financial needs;
- Equity, Fund and ETF purchase and sale execution and custody;
- Automatic rebalancing client’s selected Allocation Profile;
- Ongoing portfolio monitoring;
- Monthly account statements and quarterly performance reports; and
- Periodic review of client’s account.

d. Roles of the Firm and Lockwood

1. Firm Services

If a client wishes to participate in the Program, the first thing the IAR will do is assist the client in determining whether the Program is appropriate for the client. If the client and IAR determine that the Program is appropriate given the client’s needs, the IAR will assist client in completing an “Investment Questionnaire,” which is used to help the client define client’s investment objectives and strategies by collecting relevant financial information about client’s objectives, assets, risk tolerance and investment experience. The information collected through the Investment Questionnaire is entered into a software program created and maintained by Lockwood that generates an investment proposal for the client (“Proposal”). The software

program also generates Allocation Profiles and Investment Options that may be appropriate for the client based on client’s provided financial information. The IAR will utilize the software program and client’s responses to the Investment Questionnaire to recommend an Allocation Profile and the Investment Options that may be appropriate for the client to consider based on the client’s risk tolerance, investment objectives and other financial considerations. Client’s approved Allocation Profile and Investment Options for the Program are summarized in the Proposal, a copy of which is provided to the client. The IAR also assists the client in completing an Investment Account Application and Agreement (“IAAA”), which the client will use to apply for a Program account (“Account”) with the Firm and Lockwood, accepts any inquiry from the client about the Program, coordinates the provision of responses to the client and provides all Account opening documents, disclosures and other necessary documents.

Specifically, the Firm’s advisory services entail assisting the client in determining whether the Program, Investment Options and Allocation Profile selected by the client are suitable for the client, based on client’s investment objectives and risk tolerance, and financial situation as disclosed by the client through Investment Questionnaire and the IAAA. Client may choose to have assets in the Program (“Assets”) invested (i) equity securities based on Models created by Model Providers, (ii) Funds, and/or (iii) ETFs that match the risk tolerance and investment objective of the Allocation Profile that fits client’s financial situation. For each investment style underlying client’s Allocation Profile, the Firm, through the IAR, will also recommend how to allocate Assets among the Investment Options.

If appropriate, the IAR may also recommend changes to the standard investment style allocations (within predetermined ranges) established by Lockwood to reflect the investment strategies client selects. The purpose of this flexibility is to enable a client’s IAR to make recommendations that are more closely tailored to a client’s financial circumstances and preferences. In this respect, the proposal system utilized under the Program can best serve clients if the Proposal can be modified to match a client’s unique financial situation. Such a recommendation, if approved by the client, may have ripple effects in the proportionate allocations of the Investment Options recommended for the client. However, it is important for clients to understand that even if they agree to such adjustments, the allocation of their asset classes (as distinguished from the allocation of their investment styles) would not change.

Clients have the opportunity to impose reasonable investment restrictions on Lockwood regarding the investment of their assets under the Program by requesting them through the IAAA. The Firm will forward any investment restrictions requested by the client to Lockwood for review. Investment restrictions must be reasonable, as solely determined by Lockwood, and must be complete and consistent with applicable law. Lockwood will observe the investment restrictions that a client provides in the IAAA, if deemed reasonable; provided that Lockwood reserves the right to seek further direction from the client through the Firm before any such investment restrictions are observed. Clients may impose new, or modify any existing, investment restrictions on Lockwood at any time by contacting their IAR.

Except for the Firm's selection of money market funds used under the Program, the Firm and its IARs do not have investment discretion under the Program. Therefore, all recommendations made by the IAR to the client under the Program must be approved by the client before they are implemented. Additionally, IARs may only recommend to the client Allocation Profiles and Investment Options screened, created and maintained by Lockwood for the Program. On the other hand, Lockwood has the ability to replace Investment Options, change the composition of the Portfolios, rebalance client's Account, and invest client's Assets in equities that Lockwood selects in accordance with the Model(s) approved by the client.

For a description of the ongoing services that the Firm provides under this Program, please see Item 9 of this Firm Brochure.

2 Lockwood Services

A) The Construction of Allocation Profiles

Lockwood has assembled and is responsible for maintaining Allocation Profiles that contain different expected risk tolerances and investment objectives. Each Allocation Profile created by Lockwood is comprised of a unique asset class mix, some of which in turn, consist of multiple investment styles.

Lockwood has classified investors into 5 different categories, depending on their risk tolerance and investment objective and has created Allocation Profiles for each of the 5 categories of investors. Lockwood also has divided the investment universe into 5 major asset classes and further divided some of these asset classes into investment styles.

Lockwood has selected an asset class allocation mix for each of the Allocation Profiles. In addition, Lockwood has selected the Investment Options by subjecting the Investment Options in a given asset class to a screening process—only those Investment Options satisfying Lockwood's criteria are categorized as Investment Options and available under the Program. Thus, each of the 5 categories is comprised of a mix of asset classes represented by the Investment Options. Four out of the 5 categories have a tax sensitive option.

Lockwood has sought to maintain diversification within each Allocation Profile through the mix of asset classes and various Investment Options. The more aggressive Allocation Profiles generally have greater small/mid cap equity and foreign exposure and the more conservative Allocation Profiles generally have more bond and large cap exposure. The Portfolios emphasizing balance (e.g., the Income & Growth Portfolio) contain significant portions of both equity and fixed income exposure and provide a combination of both capital appreciation and income.

The money market Fund ("Money Fund") and an FDIC-insured money market bank sweep arrangement made available by the Custodian comprise the cash investment style portion of the Allocation Profiles and are used to pay the client's advisory fee for participating in the Program ("Fee") and other fees and charges assessed under the Program.

If Client's Account is a Bank-Eligible Account, as defined below, the monies in Client's cash investment style will automatically be deposited by the Custodian into the Dreyfus Insured Deposit Single Rate Program FDIC-Insured Money Market Sweep

Account or another bank sweep vehicle selected by NES (each account opened by the Custodian at a participating financial institution is a "Deposit Account") each business day in accordance with the terms and conditions disclosure document for the Deposit Account ("Deposit Account Disclosure Document"). A summary of the Deposit Account Disclosure Document is included in this Disclosure Booklet for Client's Convenience and informational purposes only, and Client agrees to read the full copy of the Deposit Account Disclosure Document, which can be obtained from the IAR upon request at any time and will be sent to Client by the Custodian once the Account is opened. The Custodian and Dreyfus Cash Investment Services, a service provider for the Custodian in connection with the Dreyfus Insured Deposit Single Rate Program, are affiliated. The Deposit Accounts are FDIC insured interest-bearing bank accounts and are therefore not securities accounts and not insured by SIPC.

A "Bank-Eligible Account" is an Account that is not deemed to be a "Bank-Ineligible Account." A "Bank-Ineligible Account" is an Account owned by an entity that is ineligible to maintain a negotiable order of withdrawal ("NOW") account under 12 C.F.R. § 204.130. Generally, entities that are organized or established to make a profit, such as for-profit corporations, partnerships and limited liability companies, are considered ineligible to maintain NOW accounts, and will not have money in the cash investment style swept to a Deposit Account, which is a NOW account. The Deposit Account is opened and maintained by the Custodian at the financial institution(s) identified in the Deposit Account Disclosure Document and is entitled Pershing LLC, as agent for its customers, acting for themselves or others.

If Client's Account is a Bank-Eligible Account, Client will earn interest on Client's cash investment style held on deposit in the Deposit Account(s) at the financial institution(s). The interest that Client earns may vary and how the interest is determined is described in the Deposit Account Disclosure Document. Interest will be calculated and credit to Client's Account by the Custodian and reflected in the monthly Account statement sent by the Custodian.

If Client's Account is a Bank-Ineligible Account, then Client's monies representing the cash investment style will automatically be placed by Custodian in a Money Fund selected by NES; as a result Client will not be put into a Deposit Account. If the Account belongs to a for-profit corporation, a partnership or a limited liability company, the Account will initially, by default, be considered a Bank-Ineligible Account. However, Client acknowledges and agrees that Client is solely responsible for determining whether monies in Client's investment style is eligible for deposit into a Deposit Account regardless of this default feature and agrees to promptly notify NES if Client's Account is deemed to be a Bank Ineligible Account at any time. In the event that Client's Account holds any assets of an entity that is ineligible to maintain a NOW account and the Client's Account is deemed to be a Bank-Eligible Account, Client agrees to notify NES immediately in order to have all monies in the Account representing the cash investment style automatically placed in a Money Fund selected by NES. Client acknowledges and agrees that NES shall have no responsibility for monitoring Client's compliance with, nor any liability resulting from Client's failure to comply with, 12 C.F.R. § 204.130.

B) Lockwood's Investment Options Screening Process

In order for Lockwood to select the Investment Options for the Allocation Profiles under the Program, NES provides Lockwood with a selection of mutual funds and ETFs ("Universe") to screen for inclusion in the Program, and Lockwood may not select mutual funds or ETFs outside the Universe. Lockwood also screens Model Providers and Models for inclusion in the Program. The Firm does not supply Lockwood with a list of Model Providers and Models for screening to include in the Program.

Lockwood is solely responsible for screening and selecting all Investment Options for the Program, using its own proprietary review criteria. Lockwood reviews certain quantitative and qualitative factors relating to organizational structure, investment process, and historical performance to identify Model Providers, Models, Funds and ETFs that Lockwood believes are appropriate as Investment Options for the Allocation Profiles

Notwithstanding Lockwood's review process, clients should be aware that investing in the Investment Options is subject to market risk and possible loss of principal. The purpose of the screening process is to identify Investment Options that satisfy certain minimum investment criteria set by Lockwood. Also, Lockwood's Fund selection criteria and screening process are not applied to the Money Fund or the FDIC-insured deposit sweep arrangement.

The criteria utilized by Lockwood in selecting Investment Options are described in more detail in the Lockwood Brochure. Lockwood monitors the Investment Options and their performance according to Lockwood's screening criteria. Detailed information about Lockwood's ongoing Investment Option and Portfolio monitoring may be obtained by reviewing the Lockwood Brochure.

For information regarding the Program Funds and ETFs, if available to the client underlying the investment styles, including their feeread the prospectus of each particular Program Fund and ETFs. Lockwood creates a Manager Profile information sheet on each Model Provider, which also includes information on the Models that it creates for the Program. Manager Profiles are available from the IAR and can also be found in the Proposal for the Model(s) selected by the client.

C) Investments Services

Lockwood will manage and invest client's Assets in the Program in accordance with the Allocation Profile and Investment Options that the Client selects. Depending on Client's Allocation Profile and Investment Options, investments may be made in, without limitation, equity securities, cash (and/or short-term investments including, but not limited to, money market Funds), Funds and ETFs (collectively, "Securities").

In order for Lockwood to effectuate trades under the Program, Client will need to establish a brokerage account through the Firm with Pershing who will clear trades and act as custodian for client's Assets in the Program. Accordingly, all trading activity in connection with the Program will generally be effected by Lockwood through this brokerage account with Pershing unless Lockwood can seek best execution elsewhere as described in the Lockwood Brochure. Pershing will act in the capacity as a clearing firm and perform centralized cashiering, bookkeeping and execution clearing and settlement functions. Pershing will

handle the delivery and receipt of securities purchased or sold in client's brokerage account; receive and distribute dividends and other distributions; and process exchange offers, rights offerings, warrants, tender offers and redemptions. Pershing will send client statements of all activity in client's brokerage account on no less than a quarterly basis, and written confirmations of trades executed through Client's brokerage account.

d. Fees and Charges

1. Overview

Clients in the Program will be charged between .90%–2.50% that covers the brokerage and advisory services provided by the Firm and the advisory services provided by Lockwood under the Program, the brokerage services involved in purchasing and selling the Program Funds, and the custodial and clearing services provided by Pershing. Lockwood's portion of the Fee is explained more fully in its Disclosure Brochure. Pershing is responsible for deducting all Fees from client Accounts. The Fee is a percentage of the assets clients have in the Program and will be paid in advance on a quarterly basis as described in Item 5A below. The Funds are "no load" or "load" waived mutual funds, meaning the sales charges typically associated with mutual funds and will not be charged to the Client. The Fee is negotiable depending on certain factors, including but not limited to the type and size of your Account, the range of services, and the total assets under management. Additionally, the Firm reserves the right at its discretion to reduce the Fees for Accounts and for Accounts held by employees, associated persons, agents, or independent contractors of the Firm or its affiliates and their immediate family members. Clients may purchase Securities without paying the Fee or may pay less than the Fee if such Securities were purchased outside of the Program. Thus, in some cases, it may be more cost efficient for clients to purchase the Securities outside of the Program.

However, clients will not receive the services provided under the Program if they choose to do so. The Fee a client pays may be higher than those charged by the Firm for other advisory programs offered through the Firm, or higher than those charged by other sponsors of comparable programs.

The IAR assigned to the client's Account receives a portion of the Fee for providing services specified under the Program Agreement on behalf of the Firm. This compensation may be more than what the IAR would receive if the client participated in other programs made available by the Firm or purchased the services provided under the Program separately. The IAR therefore has a financial incentive to recommend the Program over other programs or services available through NES.

Additionally, the Firm charges the IAR an administrative charge to cover certain expenses associated with running the Program (the "Administrative Charge"). The Administrative Charge that the IAR pays depends on the type of Investment Options selected by the client for the Program. A higher Administrative Charge is associated with accounts using Models because a portion of the Fee is used to pay the fee of the Model Provider. As a result, there is a higher Administrative Charge on accounts using Models than there is for an account only using ETFs and/or Funds. This charge applies to each Program Account that an IAR opens and is deducted from the portion of the Fee that the Firm shares with the IAR. Therefore the IAR may have a financial incentive to recommend certain Investment Options and/or be less inclined to negotiate a lower Fee with the Client.

2. Additional Client Fees

All Accounts will be subject to the following fees and charges:

- ACH Return Check Fee - \$25
- Returned Check Fee - \$25
- Wired Funds - \$25 per wire
- Overnight Charges - \$20
- Ordinary IRA to Roth IRA Conversion - \$25
- IRA Annual Maintenance Fee - \$35

The above fees and charges are deducted by Pershing from a client's Assets in the cash investment style at the time they are incurred. The Fee does not include these fees or charges.

In addition, certain client Accounts are subject to the following brokerage account termination fees :

- Ordinary IRA and SEP - \$75
- Roth and Education IRA - \$75
- SAR/SEP, Qualified Retirement Plans, and 403(b)(7) Plans - \$75

The above Termination Fees are deducted from the Account at termination. The Program Fee does not include these fees.

3. Other Fees and Charges

The Fee does not include certain other fees and charges such as any fees imposed by the SEC, wire transfer fees, fees resulting from any special requests client may have, fees or commissions for securities transactions (including without limitation dealer mark-ups or mark-downs) through any broker-dealer other than Pershing, or costs associated with temporary investment of client funds in a money market account. In addition to the Fee, Pershing may charge you additional miscellaneous fees (e.g., ACAT fees, IRA maintenance fees).

The Fee also does not include the internal management, operating or distribution fees or expenses imposed or incurred by a Fund or ETF. If your Assets are invested in any ETFs, Funds or pooled investment vehicles, in addition to the Fee, Client will incur the internal management and operating fees and expenses, which may include 12b-1 fees, mutual fund management fees, early termination fees (which include fees on whole or partial liquidations of your Assets) and other fees and expenses that may be assessed by the investment vehicle's sponsor, custodian, transfer agent, adviser, shareholder service provider or other service providers. These expenses may include administration, distribution, transfer agent, custodial, legal, audit and other fees and expenses. Further information regarding charges and fees assessed may be found in the appropriate prospectus, annual report and/or custodial agreement applicable to the corresponding investment vehicle.

The Firm may receive asset-based distribution or servicing fees (12b-1 fees or otherwise) from the Funds (or their related persons) for providing distribution and/or administrative services to the Funds. The Firm may, in its sole discretion, credit to clients' Accounts an amount equal to any such 12b-1 fees the Firm receives on such Assets held in clients' Accounts in order to offset the Fee paid by such clients under the Program. Pershing may charge certain fees in addition to the fees and charges shown above. Trustees may also charge ERISA Accounts additional fees.

4. Fee Forgiveness

To the extent that assets used for investment in the Program come from the redemption of mutual funds, clients should consider the cost of any sales charges previously paid or to be paid

upon redemption. In this respect, the Firm may reduce its portion of the Fee to take into account the sales charges clients may have incurred in connection with the liquidation of mutual fund shares ("Fee Forgiveness").

Fee Forgiveness is not automatic. Instead, clients must apply for Fee Forgiveness through the IAAA and provide documentation supporting the Fee Forgiveness claim. Fee Forgiveness is available only while a client's Account is opened. If the Account is terminated for any reason, any remaining fees scheduled to be forgiven will not be forgiven. In addition, if a client does not provide documentation demonstrating eligibility for Fee Forgiveness, the client may not qualify to receive Fee Forgiveness. Additional details regarding Fee Forgiveness can be found in the Program Agreement portion of the IAAA.

5. Payment of Fees and Charges

Upon acceptance of the IAAA and the Account being funded at or above the Program minimum, \$250,000, unless waived by the Firm, clients pay an initial Fee that is based on the initial market value of the Account. The first payment is prorated to cover the period from the date the Account is opened through the end of the current calendar quarter. Thereafter, the quarterly Fee is paid at the beginning of each calendar quarter for such quarter. The quarterly Fee is based on the fair market value of the assets in the Account (which includes any assets in the cash investment style) on the last business day of the preceding calendar quarter as calculated by Pershing.

Clients also are subject to a Fee for any additional lump sum contribution(s) in a calendar quarter equal to or greater than \$10,000. Clients will pay for that portion of the ongoing quarterly Fee that relates to the number of days remaining in the calendar quarter on the date of an additional contribution equal to or greater than \$10,000. Payment of the fee will be made in the quarter following any such contribution and will be based on the amount of the contribution.

Clients may withdraw assets from their Account at any time, subject to the usual and customary settlement procedures. All withdrawals are first funded from the amount in the client's cash investment style. Withdrawals may have tax consequences such as capital gains taxes, even the sale of securities or other assets in the cash investment style may trigger taxable event, to which capital gains (or other) taxes apply. If the amount maintained in the cash investment style is not enough to meet a withdrawal request, the remaining amount of the withdrawal request will be satisfied by redeeming shares of the Program Funds in the client's Account at Lockwood's discretion. Lockwood will rebalance the Account back toward the selected allocation, thus triggering a possible taxable event. No adjustment or refund is made with respect to partial withdrawals that may be made during any calendar quarter.

If an Account is terminated, Pershing will calculate and refund to clients a pro rata portion of any pre-paid, but unearned Fee for the current quarter. The amount refunded to clients will be based on the number of days remaining in the quarter after the date of termination.

Clients pay the Fee and other fees and charges under the Program by instructing Pershing through the Program agreement to automatically debit the Fee, and applicable fees and charges (collectively "Expenses"), from their Account. The amount debited to pay the Expenses under the Program will appear on

statements clients receive from Pershing. The Expenses are first deducted by Pershing from Assets a client has in the cash investment style (i.e., the money market Fund or a Deposit Account(s), as applicable) approximately two weeks following the end of the quarter. Lockwood will automatically rebalance a client's Accounts if payment of the Expenses under the Program causes the client's cash investment style to fall below the percentage threshold (and if the dollar threshold is met) and/or to cover any Account debit balances. If this occurs, Lockwood will cause the remaining amount of the Expenses and/or Account debit balances that cannot be covered by Assets in the cash investment style to be paid by redeeming shares of Securities in the client's Account. In such cases, the client may face a taxable event, to which capital gains (or other) taxes may apply.

e. Program Termination

The Investment Management Agreement ("Program Agreement") will continue in effect until terminated by either the client (upon written notice to the Firm), or the Firm or Lockwood (upon written notice to client). Notwithstanding the foregoing, the Firm may retain amounts in a client's Account sufficient to effect any open and unsettled transactions. In this respect, clients are responsible to pay for services rendered, and for transactions effected. Any termination will therefore not affect any liabilities or obligations that are incurred or that arise from transactions before such termination.

Upon termination of the Program agreement by the client, it is the client's responsibility to instruct the Firm as to any future actions regarding the assets in the Account. Unless instructed otherwise, the Firm will move client's assets to a standard brokerage account. In addition, the Firm reserves the right to send cash related assets to client's address of record. If the Firm or Lockwood terminates the Program agreement, the client's assets will be moved to a standard brokerage account or client will be mailed a check as determined by the Firm or Lockwood. Upon termination of the Program agreement, the client assets will not be managed. Any client assets transferred to a standard brokerage account will be subject to the fees and charges normally assessed by the Firm on its brokerage accounts. In addition, the client will continue to be bound to the terms and conditions as described in the brokerage account agreement portion of the IAAA which is signed by the client upon establishment of the Account.

ITEM 5. ACCOUNT REQUIREMENTS AND TYPE OF CLIENTS

The Firm provides investment advisory services to individuals, high net worth individuals, various types of business organizations, pension and profit-sharing plans, charitable institutions, foundations, endowments, and trusts.

The Firm generally requires a client to execute a Program agreement and a brokerage account agreement and complete an IAAA in order to participate in the Program. Some clients (e.g., a trust or a corporate pension plan) may be required to submit additional documentation in order to open an Account.

The minimum initial contribution to open an Account is \$250,000 unless waived, and the minimum subsequent contribution amount is \$100 if payment is made via ACH or fed fund wires and \$25 if payment is made by check. Clients may make additional contributions to their Accounts at any time subject to the above minimums. Clients may fund contributions to the Program with cash or securities.

Individual Investment Options may have their own investment minimums in addition to those existing under the Program. As a result, clients may not be able to purchase a particular Investment Option if the amount to be invested in the Investment Option under the recommended Proposal allocation would be less than the Investment Option minimum. Clients should speak to their IARs for a description of the Investment Option investment minimums.

Accounts cannot be aggregated, even if they are beneficially owned by the same person or entity, for the purpose of meeting the minimum thresholds. Initial Asset value less than \$250,000, unless waived by the Firm, will not be managed under the Program but will be placed in a money market Fund or a Deposit Account(s) until the asset value reaches the Program minimum. Once the Program minimum is met, Client Assets will then be invested in accordance with Client's selected Portfolio.

Additional contributions under the Program are allocated initially to the cash investment style (the money market Fund or a Deposit Account(s), as applicable) and will remain there until a client's Account is rebalanced. Accordingly, additional contributions under the Program will remain in the cash investment style until a rebalance is triggered as determined by Lockwood. Please see Lockwood's Disclosure Brochure for more information. If an Account falls below the account minimum requirement at any time and for any reason, the Firm may, in its discretion, close the Account and transfer the Assets therein to a standard brokerage account. Once in a standard brokerage account, such assets will not be managed and will be subject to the fees and charges normally assessed by the Firm on its brokerage accounts.

Clients who intend to fund the Program with securities that cannot be accepted into the Program, (e.g. non-Program Funds), will need to liquidate those securities before transferring them into the Program. If the Firm receives securities that cannot be accepted into the Program, the Firm in its discretion may liquidate those securities holdings.. Such liquidation of securities holdings that cannot be accepted into the Program may have tax consequences that should be carefully considered and discussed with a qualified tax advisor before the client initiates the transfer into the Program.

If a client owns shares of a security outside of the Program but can be accepted into the Program and wants to transfer such shares into the Program, Lockwood will rebalance the client's Account in accordance with the client's initial investment style allocation mix, if necessary. This means that if all of the shares of the securities cannot be transferred into the Program without causing the client's Account to be out of balance with the selected Allocation Profile, those shares that would cause the client's Account to be out of balance may be sold by Lockwood at its discretion. The proceeds of the sale will be used to purchase other Securities in accordance with the client's investment style allocations. Since transferring shares of a security held outside the Program into the Program may trigger sales of Securities in the Account, such transfers may result in a taxable event in which capital gains or other taxes apply. Clients therefore may wish to consult with a tax professional before initiating the transfer.

ITEM 6. PORTFOLIO MANAGER SELECTION AND EVALUATION

The Firm, through its IARs, provides clients with the advisory services described in Item 4 of this Brochure. As indicated in Item 4, Lockwood is tasked with several responsibilities under the Program, which include creating and maintaining the Allocation Profiles as well as screening and maintaining the Investment Options. For more information on Lockwood's role under this Program, its methods of analysis, and its investment strategies as they relate to the Allocation Profiles and the Investment Options, please refer to Item 6 of the Lockwood Brochure as well as Item 4 of this Brochure.

The Firm and its IARs' responsibility under the Program does not include taking any action or rendering any advice with respect to proxies, consents, waivers or other documents with respect to any Securities held in client's Account. Except with respect to voluntary corporate action notices, client has the responsibility for responding to proxies, consents, waivers and other documents with respect to any Securities held in client's Account. Such notices may be received from Pershing or the issuer's corporate communications service provider. Provided that Lockwood timely receives voluntary corporate action notices, Lockwood will determine on behalf of client whether client's Account will participate in particular voluntary corporate actions. Lockwood will make such determinations in its full discretion, consistent with its policies and procedures. Client should refer to Item 6 in the Lockwood Brochure for additional details on its policies and procedures in this regard.

In order to become an IAR of the Firm and provide services to clients under the Program on behalf of the Firm, the IAR must fulfill a series of prerequisites including, but not limited to completing on-line training courses, meeting certain Firm-defined compliance and business conduct standards, and adhering to the Firm's Code of Ethics, which is described in Item 9 of this Brochure. Once an IAR has been approved to provide advisory services under the Program, the IAR must annually certify that the IAR continues to comply with the Firm's policies and procedures. If an IAR is unable to continue servicing a client's account for any reason, client's account will be assigned by the Firm to another qualified IAR, who will service client's account on the Firm's behalf.

The Firm has contracted with an independent third party to provide various levels of due diligence on Lockwood. As part of this process, Lockwood is subject to an annual due diligence review that includes and is not limited to:

- Review of Form ADV and Marketing Materials
- On-site visits
- Reference checks on key personnel

Neither the Firm nor the independent third party retained by the Firm to perform due diligence calculates Lockwood's investment performance, or reviews its performance information in order to determine or verify i) its accuracy or compliance with any presentation standards, or ii) if such information is calculated on a uniform or consistent basis. Furthermore, the Firm does not advertise or publish any information about its own investment performance.

As described in Item 4 of this Brochure, the Firm and the IAR assigned to client's account receives a portion of the Fee that the client pays to participate in the Program. The Firm does not

charge the client any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Because the Firm offers a variety of investment advisory programs, the Fee that the client pays under the Program may be more or less than other advisory programs offered by the Firm or by unaffiliated investment advisers. An IAR may have an economic interest in recommending this Program over other investment advisory programs because he/she may earn more compensation.

Investing in Securities involves risk of loss that clients should be prepared to bear. Clients may experience loss in the value of their Account under the Program due to market fluctuation. There is no guarantee that a client's investment objectives will be achieved by participating in the Program. Clients should read carefully a copy of the current prospectus, or other disclosure documents, associated with the Investment Options prior to investing. Those disclosure documents contain information regarding any fees, expenses, investment objectives, investment techniques, and risks associated with their respective Investment Options. The investment returns on a client Account will vary and there is no guarantee of positive results or protection against loss. No warranties or representations are made by the Firm concerning the benefits of participating in the Program. The Firm and its IARs do not provide legal or tax advice. Clients with tax or legal questions should seek a qualified independent expert.

ITEM 7. CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

As described in Item 4, the information that client supplies in the IAAA, the Investment Questionnaire and any other documentation provided by client is used by the Firm and its IARs to provide client with investment advisory services under the Program. The Firm also makes available such information to Lockwood so that Lockwood may fulfill its obligations under the Program as described in Item 4 of this Brochure and in the Lockwood Brochure. Client has the obligation to inform the IAR of any change in client's financial and personal circumstances that may have a material impact on the management of client's Account. Any updated information that client provides is also shared with Lockwood.

ITEM 8. CLIENT CONTACT WITH PORTFOLIO MANAGERS

Clients have access to their IAR for information on their Account. IARs will also accept inquiries from clients about Lockwood and the Model Providers as well as each of their roles under the Program and coordinate the provision of responses to clients.

ITEM 9. ADDITIONAL INFORMATION

a. Disciplinary Information

In November 2004, NES reached a settlement with the National Association of Securities Dealers (NASD). It was alleged that NES failed to file forms U-4 and U-5 in a timely manner. NES agreed to conduct an audit of its policies and procedures to ensure timely filing of the forms, inform the NASD of the audit results, implement necessary changes, and pay a fine of \$200,000.

In March 2003, NES self-reported to the Securities and Exchange Commission (SEC) that the Company, from 1995 to 2002, had failed to rebalance Investment Manager accounts as represented to a large number of its clients. In 2006, the SEC censured NES and issued an order in which NES agreed to hire an independent

consultant to conduct an audit, and provided restitution of \$2,614,865 to its clients.

In September 2006, NES and certain of its affiliates reached a settlement with the National Association of Securities Dealers (NASD) relating to allegations that NES and its affiliates: executed late trades; submitted inaccurate responses to NASD regulatory inquiries; failed to establish and maintain adequate supervisory systems and written procedures to prevent and detect late trading; failed to capture the time of customer mutual fund orders; failed to produce responsive emails in a timely fashion; and, failed to retain emails for the required time period. NES and affiliates agreed and certified to the NASD that the firms (I) reviewed their procedures related to email retention, recording the time of mutual fund orders, and the productions of email in response to regulatory requests and late trading, and (II) established procedures designed to achieve compliance with laws, regulations and rules concerning these matters. NES and its affiliates also agreed to pay a fine, joint and severally, of \$5,000,000.

In March 2009, NES reached a settlement with the Financial Industry Regulatory Authority (FINRA) on allegations of breakpoint violations, anti-money laundering violations, reporting, supervisory and recordkeeping allegations. NES paid a fine of \$500,000.

In November 2009, NES and its affiliates reached a settlement with the Financial Industry Regulation Authority (FINRA) regarding the supervision of email correspondence, and the supervision of associated persons in outside business activities and private securities transactions. NES and its affiliates were fined \$1,200,000 jointly and severally. NES's portion of the fine was \$264,000.

In March 2010, NES reached an agreement with the State of Massachusetts Securities Division that the Company did not have adequate supervisory policies and procedures to detect and deter selling away by four registered representatives. NES agreed to issue written offers of rescission to investors and paid a fine of \$500,000.

b. Other Financial Industry Activities and Affiliations

The Firm is registered with the SEC as an investment adviser and a broker-dealer and its principal officers are registered as IARs and/or its registered representatives ("RRs") of the Firm. In its capacity as a broker-dealer, the Firm sells variable insurance products and general securities, including, but not limited to, stocks, bonds, municipal and government securities, mutual funds, and registered limited partnerships, to the public. The products available through the Firm include products issued by our affiliated insurance companies as well as those issued by unaffiliated issuers. As part of this business, the Firm, through its

RRs who may also be IARs, provides a broad range of securities brokerage services which may include clients who participate in this Program. The Firm, as a broker-dealer, effects securities transactions for these brokerage customers for compensation and may recommend that customers buy or sell securities or investment products in which the Firm or its officers, directors, employees or RR's have a financial interest or may themselves purchase or sell. Clients should be aware that compensation earned by the Firm and its RR's vary by product and by issuer. Therefore, the Firm and its RR's may receive more compensation for selling certain products issued by a Firm affiliate than for selling certain products issued by companies that are not affiliated with the Firm.

The following describes the relationship or arrangement that the Firm has with its affiliates that may be material either to the advisory business of the Firm or to clients.

1. Broker Dealers, Other Investment Advisers and Investment Companies

The Firm is affiliated with MetLife Securities, Inc. ("MSI"), Tower Square Securities, Inc. ("TSS") and Walnut Street Securities, Inc. ("WSS"). The Firm, MSI, TSS and WSS are each an investment adviser registered with the SEC and a member broker-dealer firm of the Financial Industry Regulatory Authority, Inc. ("FINRA").

Where permitted by the Firm and authorized by the prospective customer, an RR or an IAR of MSI, TSS and WSS may refer such prospective customer to a Firm RR or IAR in exchange for a referral fee, or such RR or IAR of MSI, TSS and WSS may work with a Firm RR or IAR in order to jointly sell products and services, including Third Party Programs and Referral Programs, to a prospective customer. Any commissions or fees generated as a result of the joint sale will be shared.

In addition to the advisory business relationship between Lockwood and the Firm as described in Item 4 above, Lockwood pays a fee to attend Firm sponsored sales and/or training conferences. Lockwood generally networks with, and provides training to, IARs and the Firm's personnel during these conferences. The fee received by the Firm is used to offset expenses associated with hosting the conferences and is not paid directly to IARs. While IARs do not receive a portion of this fee, IARs may be more likely to recommend the Program, or other Lockwood advisory programs available through the Firm, to prospective clients because of the education and the exposures that IARs receive on Lockwood and its services.

As indicated in Item 4, the Firm also serves as the broker-dealer for the client Accounts under the Program. If available, the Firm, as a broker-dealer, receives asset-based distribution or servicing fees (in the form of so-called "12b-1 fees" or otherwise) from certain Program Funds for providing distribution and/or administrative services to Program Funds. Further information regarding these fees and other charges assessed by Program Funds may be found in the appropriate prospectus or annual report. This compensation to the Firm from such Program Funds is in addition to the advisory and other fees the Firm receives under the Program. The Firm has an incentive for clients to invest in Program Funds that pay 12b-1 fees. The Firm may, in its sole discretion, credit to Clients' Accounts an amount equal to any such 12b-1 fees the Firm receives on such assets held in Clients' Accounts in order to offset Fees paid under the Program.

The Firm may receive rebates or service credits on certain charges from Pershing based on the number of Accounts opened by clients in a given time period. This is in addition to the advisory and other fees as described in this Brochure, the Firm receives under the Program. As a result, the Firm has an incentive for clients to participate in the Program. Client should understand that these rebates are paid directly to the Firm and are not shared with the IAR or IAR's branch manager.

Certain IARs of the Firm may also be affiliated with and provide investment advisory services through an investment adviser that is not affiliated with the Firm ("Third Party Adviser"). In that respect, such IARs may offer investment advisory programs through both the Firm and the Third Party Adviser. The

compensation that they receive from the Third Party Adviser for offering investment advisory services may be more or less than the compensation that they receive from the Firm. While the investment advisory programs made available by the Third Party Adviser may differ materially from the programs made available by the Firm, the IARs may potentially recommend an investment advisory program that offers them the greatest compensation potential.

2. Banking or Thrift Institutions

MetLife Bank, N.A. is a nationally chartered bank providing traditional services to individuals and institutions. The MetLife Bank is affiliated with the Firm. The Firm's registered representatives, some of which are also IARs, may refer the Firm's clients to the Bank for retail banking and mortgage services in exchange for a referral fee.

c. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

To help manage conflicts of interest, the Firm has adopted a code of ethics (the "Code") pursuant to an SEC rule. As a general summary, the Code, among other things, requires certain persons to observe guidelines regarding fiduciary responsibilities, and observe restrictions in the giving and receipt of gifts. The Code also requires certain persons of the Firm to periodically report certain personal securities holdings and transactions, including those of certain family (household) members, and periodically certify that they understand their obligations under the Code and the firm's Investment Adviser Compliance Manual. Some personnel who are authorized to provide specific advisory services are required to move their and/or their family (household) members' personal securities accounts and other accounts under their control or beneficial ownership to a brokerage account at the Firm or one of its affiliates, and to observe blackout restrictions and other limitations with respect to those accounts. A copy of the Code will be made available to all clients and prospective clients upon request to NES.

The Firm or its IARs may give advice or take action in performing their duties for other clients or for their own accounts that differs from the advice provided, or in the timing and nature of action taken, with respect to clients in the Program. In addition, NES and its IARs may give advice or take action in performing their duties for one client in the Program that differs from the advice provided, or in the timing and nature of action taken, with respect to another client in the Program.

d. Review of Accounts

1. Services Provided by the Firm

The Firm, through the IARs, will be available during business hours to answer any questions that the Client may have regarding their Account and/or to provide client services related to client's Account. The Firm will notify clients in writing at least quarterly to contact the Firm if there have been any changes in their financial situation, whether they wish to add, or modify any existing, investment restrictions imposed on Lockwood, or whether there have been any changes in their investment objectives that might affect the manner in which their Assets should be managed.

The Firm will also contact clients at least annually. At the annual meeting, the IAR assigned to the Account will inquire whether anything has changed in client's financial circumstances or

investment objectives that might affect the manner in which the client's Account assets should be managed. This annual consultation is designed to determine whether the Program itself and the client's Allocation Profile are still appropriate and consistent with the client's financial circumstances and investment objectives. In addition, the client has the ability to add or modify any previously accepted investment restrictions imposed on Lockwood.

The IAR is available on an ongoing basis to discuss the client's participation in the Program or the client's investments in general. The Firm will forward any updated information it receives from client to Lockwood for review and assist the client in making any appropriate changes to the client's Account, if necessary.

2. Services provided by Lockwood

On an ongoing basis, Lockwood monitors the Investment Options and Model Providers and their performance according to Lockwood's screening criteria. Lockwood also monitors the performance of the Allocation Profiles and maintain the software utilized to generate the Proposals. Additionally, Lockwood has an ongoing responsibility for implementing Securities trades according to the Models for Accounts. Lockwood will also monitor the Investment Options in the Program on a periodic basis. In this capacity, Lockwood may have periodic meetings with personnel from the Funds, ETFs and Model Providers and will analyze performance of all Investment Options using the criteria in the Investment Option selection process. Lockwood shall also observe any Client imposed investment restrictions that Lockwood has accepted.

Lockwood has the authority to make Securities trades through Pershing in client's Account as necessary to fulfill its obligations under the Program. This includes the authority to make appropriate Investment Option and Securities replacements and Allocation Profile changes as described below. The client will be notified of such changes through confirmations and account statements from the Custodian. The client does not have the ability to opt out of this aspect of the Program.

Lockwood's execution of its responsibilities will have a significant impact on the composition and performance of the Allocation Profiles as well important tax consequences. Clients should carefully consider the effect of Lockwood's monitoring and reviews and consult a qualified, independent tax professional for advice.

Grant of Discretionary Trading Authority. By participating in the Program, client grants Lockwood complete and unlimited discretionary trading authorization as discretionary investment manager on matters such as investing client Assets, modifying Allocation Profiles and replacing Investment Options.

Asset Management. Lockwood will manage the Assets in, or in accordance with, the Investment Options Client has selected utilizing the relevant Allocation Profile to reflect the investment style set out on the Investment Proposal.

Models. Lockwood will make investment decisions for Client's Account based upon the relevant Models and Allocation Profile. Lockwood has sole authority to select the universe of Model Providers and Models available through the Program. Lockwood may, in its discretion, remove a Model from the available list of

Models if the particular Model fails to meet Lockwood's screening criteria, and replace it with another Model. Similarly, Lockwood may, in its discretion, discontinue the use of a particular Model Provider and replace it with a different Model Provider in Client's Program Account. Client grants Lockwood complete trading authorization with respect to changes in Model Providers and Models.

Funds/ETFs. Lockwood will make available a selection of Funds and ETFs through the Program. Lockwood may, in its discretion, remove a Fund or ETF from the Program if the particular Fund or ETF fails to meet Lockwood's screening criteria, and replace it with another Fund or ETF. Client grants Lockwood complete trading authorization with respect to changes in Funds and ETFs.

Asset Allocation Profile Changes. Lockwood in its discretion may modify the Allocation Profiles from time to time. Client understands that any modification to an Allocation Profile may trigger the need to rebalance client's Account. Changes to an Allocation Profile (or the predetermined ranges permitted) by Lockwood will supersede any changes client may have selected previously; however, client would thereafter retain the ability to make modifications thereto (within predetermined ranges).

Direction to Rebalance. Lockwood will automatically rebalance Client's Account back toward the target investment style allocation mix if the current weighting of the Investment Options causes an investment style to vary by a certain threshold.

This feature is designed to keep Client's Account consistent with the selected Allocation Profile. Such rebalancing means that each of the Securities within an out-of-balance investment style is set back toward its target selected percentage. Thus, Lockwood shall purchase additional shares of certain Securities and sell shares of other Securities. Client acknowledges that redemptions and exchanges resulting from rebalancing Client's Account might result in taxable events to which capital gains (or other) taxes apply.

All of the Allocation Profiles in the Programs have a cash investment style target level of 3%, meaning the Allocation Profiles are designed to maintain approximately 3% in the cash investment style to pay for fees and charges under the Program. There may be instances when the cash allocation temporarily exceeds the 3% target due to standard operational processing, such as the changing of Investment Options, processing of client contributions or withdrawals, or during the initial investment of a client Account.

If the amount of a client's cash investment style varies beyond the percentage threshold (and the dollar threshold is met), then the client's Account will automatically be rebalanced by Lockwood back toward its original allocation mix so that the client's cash investment style again constitutes approximately 3% of the client's Account.

Lockwood reviews Accounts on at least a weekly basis to determine if an automatic rebalancing should occur; however, Accounts are not rebalanced during the first 90 days of their existence.

Further details of Lockwood's ongoing responsibilities under the Program can be found in the Lockwood Brochure.

e. Client Statements and Performance Reports

On a quarterly basis, clients will receive a copy of their Account performance report created by Lockwood.

The quarterly performance report generally contain, among other things:

- Market commentary;
- An Account summary showing beginning Account balance, interest, dividends, net contributions/ distributions, ending Account balance and return on investment during the quarter, on a year-to-date basis and since inception;
- The performance of the client's Account during the quarter, on a year-to-date basis, and over 1, 3 and 5 years against the Allocation Profile's benchmark;
- The asset allocation of the client's Account and the growth of each asset class;
- Securities allocation analysis and performance history of the Account; and
- Summary of the performance of the Securities in the Account during the quarter, on a year-to date basis, and over 1, 3, 5 and 10 years and since inception, if applicable.

Contents of the performance report may change without prior notice.

The IARs are available to discuss the quarterly performance report, Account allocations, Account performance or any other matter relating to the Program.

Pershing will send client statements of all activity in clients' brokerage accounts on no less than a quarterly basis, and written confirmations of trades cleared and settled through the brokerage accounts. Clients should carefully review their brokerage account statements and confirmations issued by Pershing and contact the Firm or their IAR immediately upon discovery of any errors, discrepancies or irregularities.

f. Client Referrals and Other Compensation

1. Additional Compensation Related to Advisory Activities and Referral Arrangements

The Firm is registered as both an investment adviser and a broker-dealer. In its role as a broker-dealer, the Firm focuses on a select group of mutual funds. These fund families (also called Strategic Partners and Conference Partners) receive a variety of benefits that are described in the Firm's "Disclosure Brochure-Mutual Fund Marketing and Compensation Arrangements" ("Partners Disclosure"), which clients will receive during the Account opening process. The distributor, investment adviser or another entity related to the Strategic Partner and Conference Partner fund family makes cash payments to the Firm to participate in the Strategic Partners and Conference Partners Programs. A list of the participating Strategic and Conference Partners can be found in the Partners Disclosure. Clients should understand that none of the cash payments described therein are made directly to the Firm's branch managers, registered representatives or IARs who sell or recommend these products. Furthermore, branch managers and registered representatives do not receive a greater or lesser commission for the sales of products for which the Firm receives cash payments.

Clients should also be aware that marketing or educational activities paid for with these payments may lead to greater exposure of these companies' products with the Firm's registered representatives and IARs. Therefore, payments made by Strategic and Conference Partners may create an incentive, or lead to a greater likelihood, for the Firm or its IARs to recommend the

Program over other advisory programs that do not include mutual funds issued by Strategic and Conference Partners. Additionally, clients should also be aware that some, or all, of the Single Fund Family Portfolios are comprised of Program Funds issued by Strategic and/or Conference Partners. Payments made by Strategic Partners and Conference Partners may create an incentive or lead to a greater likelihood, for the Firm or its IARs to recommend either a Single Fund Family Portfolio that is made up of only Program Funds of a Strategic or a Conference Partner, or the Multi-Fund Family Portfolio, which may include Program Funds of Strategic and/or Conference Partners, over a Single Fund Family Portfolio that comprised only of Program Funds of a non-Strategic or Conference Partner.

From time to time, the Firm and its registered representatives may also receive other compensation from mutual fund companies that may issue Program Funds. Such mutual fund companies may sponsor their own conferences for training and educational purposes, which certain of the Firm's registered representatives are invited to attend. In addition to the Firm's RRs attending these conferences without charge, these mutual fund companies may also reimburse or pay for the travel and other related expenses incurred by the Firm's RRs or reimburse a Firm's branch office for expenses related to dinners or events for clients and other miscellaneous business-related expenses incurred by registered representatives.

The Firm enters into certain agreements with various organizations and associations pursuant to which such entities endorse financial products and services offered by or through the Firm and its affiliates. Typically, such entities provide access to their members in exchange for a flat fee.

The Firm may enter into marketing arrangements with third parties (Solicitors") who will receive compensation from the Firm for referring prospective investment advisory clients to the Firm. Where required by federal or state law, each marketing arrangement will be governed by a written agreement between the Firm and the Solicitor that complies with the SEC's "cash solicitation" rule (Rule 206(4)-3). In particular, clients will be provided with copies of Part 2A of the Firm's Form ADV, a separate solicitor disclosure statement that describes the nature of the marketing or referral arrangement (including compensation features) applicable to the client being referred, and any other document required to be provided under applicable law. The fees and expenses that the Firm pays to a Solicitor under these referral arrangements are not passed on to referred clients, but depending on the circumstances, the existence of such marketing or referral arrangements may affect the amount of the Firm's overall fees or its willingness to negotiate fee reductions in particular instances.

Under these marketing arrangements, a Solicitor may introduce prospective clients to the Firm or an IAR to further discuss whether the Firm's investment advisory services, including the Program, may be appropriate for the prospective clients. The Solicitor's sole responsibility under the marketing arrangement is to refer prospective clients to the Firm or an IAR and may not provide investment advice to prospective clients or the Firm's clients on behalf of the Firm or the IARs. Additional information about this arrangement, including the relationship between the Solicitor and the Firm, the role of the Solicitor and any compensation that the Firm pays to the Solicitor for introducing prospective clients, is outlined in a separate solicitor disclosure statement, which the Solicitor will provide to prospective clients before they are introduced to the Firm or an IAR.

The Firm and certain banks and credit unions (collectively "Financial Institutions") have entered into alliance arrangements where employees of Financial Institutions may refer individuals who may be interested in learning more about the Firm's advisory services to IARs. The Firm will share a portion of the fees earned by the Firm with Financial Institutions for referring individuals who eventually obtain advisory services from the Firm. Employees of the Financial Institutions are not authorized to provide investment advice, or discuss the features of, or qualify individuals for, advisory services, on behalf of the Firm. Employees of Financial Institutions may receive nominal compensation for referring individuals to IARs regardless of whether such individuals obtains advisory services from the Firm. The compensation paid to Financial Institutions or their employees as described herein may increase or otherwise affect the fees a customer pays for obtaining advisory services from the Firm. The fees and expenses that the Firm pays to a Financial Institution under these arrangements are not passed on to referred clients, but depending on the circumstances, the existence of such marketing or referral arrangements may affect the amount of the Firm's overall fees or its willingness to negotiate fee reductions in particular instances.

Lockwood pays the Firm a fee to attend Firm sponsored sales and/or training conferences. Lockwood generally networks with and provides training to the IARs and Firm personnel during these conferences. The fee received by Firm is used to offset expenses associated with hosting the conferences and is not paid to the IARs or other associated persons. While the IARs do not receive a portion of the fee, the IARs may be more likely to recommend the Program to prospective clients because of the education and the exposure they receive on the Program and/or Lockwood.

IARs are compensated by the Firm and/or an affiliated company for the sale, renewal and servicing of proprietary and certain non-proprietary products. This compensation includes commissions and other forms of compensation that may vary from product to product and by the amount of the investment made by clients. Clients should be aware that the amount of an IAR's compensation may increase in part based upon the relative amount of proprietary products that he or she sells during a set period. Your IAR is also eligible for additional cash compensation (such as medical, retirement and other benefits) and non-cash compensation (such as conferences and sales support services) based on his or her sales of proprietary products and overall sales productivity. While the Program is not a security, it is considered proprietary for these purposes. Therefore, your IAR may have an incentive to favor this Program over non-proprietary programs.

NES earns fees on the amount of money in the Deposit Account, including Client's assets. NES may earn a higher fee if Client assets are swept into a Deposit Account than if Client invests in a Money Fund. The Custodian and the financial institutions that participate in the bank sweep arrangement ("Program Banks") may also earn a fee in connection with offering and/or administering the arrangement and the Deposit Accounts. Please refer to the Deposit Account Disclosure Document for full details. NES is not affiliated with Custodian or any of the Program Banks.

NES and its affiliates may provide offer products and services to Custodian, Program Banks and each of their employees, offers, directors, agents and independent contractors in NES's normal course of business.

g. Other Disclosures

IARs are charged an annual administrative fee by the Firm for each Account they open. A portion of the Fee that they receive will be used to pay this administrative fee. While clients do not directly pay the annual administrative fee, it is paid out of the Fee that the client pays to participate in the Program. Because the administrative fee is paid out of the Fee, IARs may have a financial incentive to charge clients a higher Fee so that the portion of the Fee that IARs receive is not reduced. Should a trade error occur where the Firm acts as the broker-dealer to the Account and the error/correction results in a gain, that gain will be kept by the Firm and will not be credited to the client. Gains that are captured due to trade errors are placed in the Firm's general account and used at the discretion of the Firm. If gains are not used to cover an expense within a fiscal year, such gains will be considered a profit.

h. Making an Informed Decision

The Firm wants its clients to make an informed decision when they purchase products or receive services from a Firm's RR or IAR. Therefore, the Firm is disclosing material arrangements and any potential conflicts of interest that clients may find informative when making their decisions. In addition to providing disclosures to its clients, the Firm, on an ongoing basis, communicates, trains and/or supervises its RRs and IARs on its policies and procedures regarding conflicts of interest. Furthermore, when an RR or an IAR makes a product or program recommendation to a client, the Firm reviews whether the program is suitable for client against any financial information provided by the client, such as the client's risk tolerance, time horizon and investment objective. Nevertheless, clients should always carefully and independently review all product or program features and risks, along with any applicable disclosures before making any investment decisions.

i. Financial Information

The Firm does not require clients who participate in the Program to prepay its fees six months or more in advance. It is therefore not required to provide a balance sheet. Additionally, the Firm does not have any material financial conditions that it is required to disclose to clients. Clients should review the Lockwood Brochure for any disclosures that Lockwood may be required to make under this Item.