

Manager Select Wrap Fee Brochure

New England Securities
A MetLife Company

Wealth Management Services

Manager Select Wrap Fee Brochure

March 19, 2012

This brochure provides information about the qualifications and business practices of New England Securities Corporation. 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 or by any state securities authority.

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

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

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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

The Firm becomes the broker-dealer of record on program accounts that it opens after 11/15/2011 date ("Effective Date") and introduces such accounts to Pershing LLC ("Program Custodian"). Program Custodian is responsible for all trading, clearing, custodial and other services as described in this Firm Brochure. Program accounts opened prior to the Effective Date may continue to receive services from the custodian and the broker-dealer of record identified in the client's agreement.

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. SERVICE, 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 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 an investment adviser representative of the Firm ("IAR") to receive a similar disclosure brochure for those programs and services.

b. Manager Select 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 for Investment Managers, as defined below, selected, and 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 provides clients with access to a variety of portfolios managed by institutional investment managers who manage several different asset classes and investment styles ("Investment Managers"). The program is co-sponsored by Lockwood and the Firm.

The Program is a separately managed account program under which a client receives various services, including the following:

- Review of client's investment objectives, risk tolerance and other financial information;
- Selection of prescreened Investment Managers
- Asset allocation recommendations based on the client's financial circumstances;
- Professional investment advice as to which Investment Managers may meet the client's financial needs;
- Purchase and sale execution and custody of assets in the account.
- Ongoing portfolio monitoring;
- Account statements, at least on a quarterly basis 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 invest in the Program, the first thing the IAR will do is assist the client to determine if the Program is appropriate for the client. If the client determines that the Program is appropriate given the client's needs, the IAR will assist client in completing a Client Profile and Questionnaire ("Questionnaire"), which is designed and provided by Lockwood, to help clients define their investment objectives and overall investment strategies based on certain information supplied by the clients. IAR will assist the client with completing any other required account opening documents.

Client's responses to the Questionnaire are used by the IAR to formulate an initial asset allocation recommendation using the tools supplied by Lockwood and to help the client identify appropriate Investment Manager(s), who will manage client's assets, that have been screened and made available for the Program by Lockwood. Clients should be aware that Lockwood is also one of the Investment Managers available for the Program. An investment proposal ("Investment Proposal"), which includes the suggested initial asset allocation, recommended Investment Manager(s) and an investment policy statement for the client's portfolio, is prepared using the information supplied by the client and presented to the client for review. The client is ultimately responsible for determining whether to participate in the Program, accept or reject the proposed initial asset allocations and the Investment Manager(s), and accept and sign, or reject, the Investment Proposal.

Clients have the opportunity to impose reasonable investment restrictions on the Investment Managers regarding the investment of their assets under the Program by requesting them through the Firm's Investment Account Application & Agreement forms ("IAAA"). The Firm will forward any investment restrictions requested by the client to the Investment Managers, through Lockwood, for review. Investment restrictions must be reasonable, as solely determined by Investment Managers, and must be complete and consistent with applicable law. Investment Managers observe the investment restrictions that a client provides in the IAAA, if deemed reasonable; provided that Investment Managers 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 Investment Managers at any time by contacting their IAR.

The Firm will communicate with clients about the accounts that they need to open in connection with the Program. Program ("Program Accounts"). IARs will assist clients in completing the Program Account opening paperwork, accept inquiries about the Program, coordinate the provision of responses to clients and provide all Program Account opening documents, disclosures and other necessary documents.

Additionally, the Firm selects the cash investment vehicles for the cash investment style portion of client's portfolio. A money market fund ("Money Fund") or an FDIC-insured money market bank sweep arrangement comprises the cash investment style portion of client's portfolio, and client assets in such cash investment style portion 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 Program Account is a Bank-Eligible Account, as defined below, the monies in Client's cash investment style portion of the portfolio will automatically be deposited by Pershing LLC, the program's custodian whose role and responsibilities are described in Item 4e below ("Program 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 Program 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 Program Custodian once a Program Account is opened. Lockwood, the Program Custodian and Dreyfus Cash Investment Services, a service provider for the Program 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 a Program Account that is not deemed to be a "Bank-Ineligible Account." A "Bank-Ineligible Account" is a Program 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 Program 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 Program 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 Program Account by the Program Custodian and reflected in the monthly Program Account statement sent by the Program Custodian.

If client's Program Account is a Bank-Ineligible Account, then client's monies representing the cash investment style will automatically be placed by Program Custodian in a Money Fund selected by the Firm; as a result client will not be put into a Deposit Account. If the Program Account belongs to a for-profit corporation, a partnership or a limited liability company, the Program 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 the Firm if client's Program Account is deemed to be a Bank Ineligible Account at any time. In the event that client's Program Account holds any assets of an entity that is ineligible to maintain a NOW account and client's Program Account is deemed to be a Bank-Eligible Account, client agrees to notify NES immediately in order to have all monies in the Program Account representing the cash investment style automatically placed in a Money Fund selected by the Firm. Client acknowledges and agrees that the 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.

2. Lockwood Services

Lockwood is responsible for creating and maintaining the system that generates, among other things, the Questionnaire and the Investment Proposal used by the Firm and IARs to advise clients. Lockwood is also provided with discretionary investment authority needed to create and implement clients' investment strategies for the Program such as hiring and/or firing Investment Managers in the Program. Additionally, Lockwood will generate reports concerning the performance of Program Accounts on at least a quarterly basis. Lockwood will provide such reports to clients and the Firm.

Lockwood is also among the Investment Mangers available in the Program, whom clients may select to manage their assets. Please refer to the Lockwood's Disclosure Brochure for additional information.

Securities Invested by the Investment Managers

Depending on the client's investment strategies and the Investment Manager(s) selected, eligible securities that can be purchased in client's Program Account may include, but are not limited to, equity securities, fixed income securities, cash or cash equivalent, short-term investment vehicles, money market funds, mutual funds and other financial instruments, as described in the Disclosure Brochure of the Investment Manager(s) selected by the client. Subject to client's Investment Proposal and any investment restrictions imposed by the client, each Investment Manager will have complete and unlimited discretionary trading authorization with respect to client's assets in the Program Account(s). Generally, all trades will be executed through the Program Custodian by Investment Managers.

Except for the cash investment vehicles described above, the Firm (including the IARs) will not make any individual security recommendation on behalf of clients.

e. Fees and Charges

Client will pay one fee ("Program Fee") for the advisory services of Lockwood, Investment Manager(s) and the Firm, the brokerage-related services of the Firm and the custody and clearing services of the Program Custodian. The Program Fee is based on a percentage of assets that client invests in the Program Account(s) and can range from 0.55% to 2.50%.

Program Custodian is responsible for determining the total market value of the client's Program Accounts for purposes of calculating the Program Fee and for deducting the Program Fee from clients' Program Accounts in accordance with the Program agreement and the total market value communicated by Lockwood. Details on how the Program Fee is calculated can be found in the Lockwood Brochure. Program Custodian will send to the client statements, at least quarterly, indicating all amounts disbursed from the client's Program Accounts, including the amount deducted for Program Fee.

The Firm's portion of the Program Fee ranges from 0.00% to 1.25% and is negotiable within the range set forth herein. The Firm shares its portion of the Program Fee with the IAR assigned to client's IAAA. Each client's Program Fee is identified in the Program agreement that the client executed to open Program Accounts. Client pays the Program Fee in advance on a quarterly basis. Firm's portion of the Program Fee is negotiable, and the Firm reserves the right at its discretion to reduce its portion of the

3. Investment Managers' Services

Investment Managers are responsible for managing client assets in the Program. Each Investment Manager will manage the assets allocated to it in accordance with the investment style set out in the Investment Proposal. Investment Managers will also observe any reasonable investment restrictions imposed upon them by the client, subject to their acceptance. Client information collected by the Firm through the Questionnaire, the Investment Proposal and the IAAA will be forwarded to each Investment Manager approved by the client. Clients generally do not receive reports directly from, or communicate with, Investment Managers, but clients may make inquiries of them directly through the Firm who will forward such inquiries to Lockwood. Please refer to the Lockwood Brochure and each Investment Manager's Form ADV Part 2 Disclosure Brochure ("Disclosure Brochure") for additional information on the Investment Manager's responsibilities.

Program Fee and for Program Accounts held by employees, associated persons, agents, or independent contractors of the Firm or its affiliates and their immediate family members.

It may be less expensive for clients to invest in these securities outside of this Program. If clients chose to invest in securities outside of this Program, they would not receive the services and the investment advice provided under this Program. In addition, the Program 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 a client's Program Account receives compensation as a result of the client's participation in the Program. 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 client's IAR therefore may have a financial incentive to recommend the Program over other programs or services available through the Firm.

In order to effectuate trades under the Program the client will establish Program Account for each Investment Manager selected, and a separate brokerage account used solely for funding the Program Accounts ("Funding Account") with the Firm. Trading activity for securities in connection with the Program will generally be cleared through the Program account(s) with the Program Custodian and the client's Program assets will be held in the Program Accounts.

Lockwood and each Investment Manager will generally place transactions for the purchase and/or sale of securities and other investments for client's Program Accounts through the Program Custodian. However, if Lockwood or an Investment Manager, as applicable, reasonably believes in good faith that another broker or dealer will provide better execution considering all factors including the net price, then it may trade through firms other than the Program Custodian. However, trading away from the Program Custodian may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or other costs on some transactions than might otherwise be attainable through the Program Custodian, or may receive less favorable execution of some transactions, or both..

Please see the Lockwood Brochure and each selected Investment Manager's Disclosure Brochure for information on how trades are sent or directed to the Program Custodian or other broker-dealers.

Other Fees and Charges

The Program Fee does *not* include any fees imposed by the Securities and Exchange Commission ("SEC"), wire transfer fees, fees or commissions for securities or dealer mark-ups or markdowns traded at a broker-dealer other than the Firm, costs associated with temporary investment of client funds in a money market account or special requests by client. If client's assets are invested in any mutual funds or pooled investment vehicles, in addition to the Program Fee, the 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 account(s) and other fees and expenses that may be assessed by the investment vehicle's Lockwood, custodian, transfer agent, adviser, shareholder service provider or other service providers. Such fees are *not* included in the Program Fee. The Program Fee also does not include charges for any special services that the client may request from time to time from the Firm, Lockwood, Investment Managers, or the Program Custodian such as IRA maintenance fees.

Further information regarding other charges and fees assessed may be found in the appropriate prospectus, or offering document of the investment vehicle, if applicable, the Lockwood Brochure and the applicable Program agreement(s) and fee schedule. Clients may be able to pay lower expenses by investing directly in those investment vehicles.

f. Program Termination

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

The Firm, Lockwood or Program Custodian is not required to liquidate assets upon termination of a Program Account. In addition, they do not have any obligation to take any action with regard to any cash or other assets in any Program Account or Funding Account held with the Program Custodian. Regardless of who terminates the Program Agreement, upon termination, it is client's responsibility to determine what to do with the cash or assets in the Program Accounts or the Funding Account. Client needs to provide instructions to the Firm, who in turn will forward to Lockwood, with respect to Program Accounts or the Funding Account.

If the Program Agreement is terminated for any reason, Lockwood will refund to client a pro-rata portion of any pre-paid, but unearned Program Fee for the current quarter. The amount refunded to the client will be based on the number of days remaining in the quarter after the date of termination.

ITEM 5. ACCOUNT REQUIREMENTS AND TYPE OF CLIENTS

The Firm, under this Program, provides investment advisory services for affluent clients such as institutions, endowments and high net worth individuals seeking an institutional asset management approach to having their assets managed.

The Firm generally requires a client to execute a Program Agreement and other application forms and documents 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 participate in the Program.

The minimum initial investment to participate in the Program is \$100,000, and clients may contribute additional investments at anytime. Please be advised, however, that Investment Managers may have their own investment minimums. Clients should refer to the Investment Manager's Disclosure Brochure for more information. Clients should also be aware that assets held in the Funding Account with the Program Custodian will not be part of the Program until the client has met the Program's participation requirement and each Investment Manager's minimum requirement and that such assets have been transferred to the client's Program Accounts.

Client will not receive any investment advice on the assets held in the Funding Account, and such assets will not be managed by the Firm, Lockwood or any Investment Manager. Any cash balance held in the Funding Account will be invested in accordance with the money market sweep provision noted in the IAAA and the Fund Account agreement. Client assets will not be transferred from the Funding Account to the Program Accounts and allocated to each Investment Manager in accordance with client's Investment Proposal until 1) the minimum initial investment amount has been met and 2) the initial investment amount is sufficient to implement the asset allocation specified in the client's Investment Proposal. The Firm will monitor the client's Funding Account to determine whether the client has met the Program minimum requirements, which may be waived by NES at its sole discretion.

Clients who transfer securities into the Program should be aware that some, and possibly all, transferred securities may be liquidated ("Liquidation Trades") by the Firm through the Program Custodian for Program account(s). Liquidation Trades are effected to make client's securities holdings portfolio consistent with the relevant investment criteria set by the selected Investment Managers and the allocations consistent with client's Investment Proposal. The Firm will allocate and forward assets to be invested in the Program on the client's behalf to each Investment Manager selected by the client. However, clients should understand that the Firm does not have discretion over how client's assets are allocated or how much to allocate to each Investment Manager. Clients should be aware that a reasonable amount of time is necessary for the Firm to execute Liquidation Trades and to allocate assets to the Investment Managers in accordance with the asset allocation strategy accepted by clients.

Clients may incur adverse tax consequences as well as additional transaction costs in connection with Liquidation Trades. Clients should consult their tax advisor on these issues prior to transferring any securities into the Program.

ITEM 6. PORTFOLIO MANAGER SELECTION AND EVALUATION

Lockwood, not Firm, performs both initial and ongoing due diligence on, and the screening of, investment managers for inclusion in the Program. Clients must provide Lockwood with discretionary authority to hire and/or fire third party Investment Managers on their behalf through the Program Agreement. Lockwood may terminate or change Investment Managers for the Program in accordance with Lockwood's process as described in the Lockwood Brochure.

IAR will assist the client in selecting Investment Managers made available by Lockwood for the client's portfolio. The IAR may discuss with the client various factors, including but not limited to client preferences, fees charged by the Investment Managers, information on Investment Managers, including their performance, forwarded by Lockwood, and account minimum requirement of Investment Managers when making a recommendation. The client is ultimately responsible for deciding which Investment Manager(s) to choose. When appropriate, IAR may also assist the client in determining whether existing Investment Manager(s) should be replaced. IAR may discuss some or all of the foregoing factors with the client in order to assist the client in making an appropriate decision.

Please review the Lockwood Brochure for additional information on its Investment Manager due diligence review and screening and replacement process. Clients should also be aware that Lockwood is an Investment Manager available for the client to select under this Program. Please review the Lockwood Brochure for Lockwood's disclosure for any conflicts of interest that may apply.

ITEM 7. CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

As described in Item 4, the information that client supplies in the Client Profile, the Investment Questionnaire, IAAA 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 Firm 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 Program Accounts and client's participation in the Program. Any updated information that client provides is also shared with Lockwood.

Please review the Lockwood Brochure to understand how client information is shared by Lockwood with Investment Managers.

ITEM 8. CLIENT CONTACT WITH PORTFOLIO MANAGERS

Clients generally do not receive reports directly from, or communicate with, Investment Managers, but clients may make inquiries of them directly through the Firm who will forward such inquiries to the Investment Managers through Lockwood.

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 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 RR's 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.

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 the Firm.

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, the Firm 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 Program Accounts and/or to provide client services related to client's Program Accounts. 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 Program assets should be managed.

The Firm will also contact clients at least annually. At the annual meeting, the IAR assigned to the Program Account will inquire whether anything has changed in client's financial circumstances or investment objectives that might affect the manner in which client's Program assets should be managed. This annual consultation is designed to determine whether the Program and client's existing allocation are still appropriate and consistent with the client's current 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 Program Accounts, if necessary.

2. Services provided by Lockwood and Program Custodian

On a quarterly basis, clients will receive a performance report from Lockwood. Please see Item 9 of the Lockwood Brochure for further details on Lockwood's services.

The Program Custodian will send client a Program Account statement at least quarterly which summarizes all account transactions, including any fees and charges deducted, and holdings for the statement period. Program Custodian will also send client written confirmations of all trades executed through client's Program Accounts. Client's IAR is available to answer general questions that client may have about Lockwood's performance report or the Program Custodian's account statements. When appropriate, IAR will forward questions on behalf of client to the Program Custodian, Lockwood or the Investment Manager(s).

e. Client Referrals and Other Compensation

1. Additional Compensation Related to Advisory Activities and Referral Arrangements

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 or other negotiated compensation arrangement permitted by applicable law.

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 rules SEC. 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. Depending on the circumstances, the existence of such marketing or referral arrangements may affect the client's Program Fee or the IAR's willingness to negotiate a lower Program Fee with the client under the circumstance.

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 obtain 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.

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.

f. Making an Informed Decision

The Firm wants its clients to make an informed decision when they purchase products or receive services from an 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.

g. Other Disclosures

The Firm (including the IAR), and/or its affiliates, may have investment responsibilities, render investment advice to and perform other investment advisory services for other individuals and entities ("Other Accounts"). Clients should be aware that the Firm and its affiliates, and their respective partners, directors, officers, agents, IARs and employees) may buy, sell or trade in any securities for their respective accounts ("Affiliates Accounts"). The Firm (including IARs) and its affiliates, may give advice or exercise investment responsibility and take such other actions with respect to Other Accounts and Affiliated Accounts which may be similar to, differ from, or contradict, the advice given or the timing or nature of action taken with respect to clients' Program Account(s).

Additionally, Other Accounts and Affiliated Accounts may at any time, hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which client's Program account(s) may have an interest from time to time, whether in transactions which involve client's Program account(s) or otherwise. The Firm shall have no obligation to purchase for client's Program account(s) a position in any investment which Other Accounts or Affiliated Accounts may acquire, and that the client shall have no first refusal, co-investment or other rights in respect of any such investment.

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.