

# Managed Assets Program (MAP)

FORM ADV APPENDIX 1

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**July 26, 2012**

This wrap fee program brochure provides information about the qualifications and business practices of TD Ameritrade, Inc. ("TD Ameritrade") that should be considered before or at the time of participating in the Managed Assets Program (MAP). If you have any questions about the contents of this brochure, please contact us at 800-934-6124. 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 TD Ameritrade is also available on the SEC's Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The IARD/CRD number for TD Ameritrade is 7870.

TD Ameritrade is registered with the United States Securities and Exchange Commission as a Registered Investment Advisor. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.



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## Services, Fees and Compensation

TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade" or "Sponsor") (member FINRA/SIPC/NFA), a subsidiary of TD Ameritrade Holding Corporation, which, together with its affiliates, provides custody, brokerage and other financial services to independent financial advisors and their clients.

TD Ameritrade offers a wrap-fee program to independent investment advisors ("Advisors") and the clients of the Advisors (each a "Program Client" or "Client") who use TD Ameritrade as a broker and custodian for their managed assets. The program, known as the TD Ameritrade Managed Assets Program ("MAP"), is administered by TD Ameritrade, in its capacity as Sponsor, and Envestnet Asset Management, Inc. ("Envestnet").

Envestnet is an independent investment management firm that provides investment management and investment advisory services. Envestnet provides its clients with an extensive range of investment advisory services through its investment management programs, including Separately Managed Accounts ("SMAs"), Mutual Fund Solutions ("MFS"), Exchange Traded Fund ("ETF") Solutions, Multi-Manager Accounts ("MMAs"), Manager Blends, PMC Select Portfolios, PMC Tactical ETF Portfolios, and Enhanced Portfolio Strategies (together, the "Programs").

### Services provided by Envestnet include:

- Assessment of the Client's investment needs and objectives
- Investment policy planning
- Development of an asset allocation strategy designed to meet the Client's needs and objectives
- Recommendations to the Client on suitable investment style and allocations
- Identification of appropriate asset managers and investment vehicles suitable to the Client's goals, needs, and objectives
- Evaluation and recommendation of asset managers and investment vehicles meeting style and allocation criteria
- Engagement of selected asset managers and investment vehicles on behalf of the Client
- Ongoing monitoring of individual asset managers' performance and management (for approved SMA managers and mutual funds only)
- Review of Client accounts to ensure adherence to policy guidelines and asset allocation
- Recommendations for account rebalancing, if necessary
- Online reporting of Client's account performance and progress
- Fully integrated back-office support system for Sub-Managers

TD Ameritrade provides each Advisor with a Client Profile to obtain information relevant to the financial position and investment objectives of the Client and to determine that the use of a particular Sub-Manager is appropriate and suitable. Envestnet's asset allocation and financial planning strategy development services assist Clients in meeting their goals and objectives. Using demographic and financial information provided by the Client and Advisor, Envestnet will assess the Client's risk profile and investment objectives in determining an appropriate plan of action for the assets placed in MAP. Envestnet's research team uses a number of proprietary analytical tools and commercially available optimization software applications in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical rates of risk and return for various asset classes, correlation across asset classes, and risk premiums.

Envestnet retains Sub-Managers to manage Client accounts. In some cases, Sub-Managers construct a model portfolio that Envestnet will use to invest Client assets. Envestnet may recommend investment in certain mutual funds or alternative investments, such as hedge funds and private equity funds, depending on an individual Client's investment objectives and assets available for investment. In some cases, Advisors may contract with Envestnet, and the Advisor will provide asset allocation services to Clients in connection with the selection of investment options in MAP.

### The TD Ameritrade Managed Assets Program

Clients in MAP receive a variety of services, including: Client profiling; strategic asset allocation, which incorporates a host of wealth management solutions including SMAs, MMAs, mutual fund and ETF wrap accounts; style allocation; research and evaluation of Sub-Managers; ongoing monitoring of Sub-Manager and account performance; Sub-Manager hiring and termination; account rebalancing; account reporting; and other operational and administrative services.

MAP is intended to comply with Rule 3a-4 under the Investment Company Act of 1940. Each Client's account is managed on the basis of the Client's individual financial situation. Each Client has the opportunity to select the account's investment objective and impose reasonable restrictions on the management of the assets in the account. In addition, Clients will be contacted annually and notified quarterly by their Advisors in order to confirm the accuracy of this information.

#### **Investment or Brokerage Discretion**

Clients who participate in MAP are required to grant full discretionary investment authority to Envestnet to determine the securities to be bought or sold and the amount of securities to be bought or sold. Envestnet can use this authority to replace a Sub-Manager. However, Envestnet will generally only use this grant of discretion: to replace Sub-Managers when it deems such change to be necessary; to rebalance a Client's account as agreed between the Advisor and/or Client and Envestnet; and to liquidate sufficient assets to pay the MAP fee when necessary and advisable. However, there may be situations in which Envestnet will fully utilize this grant of discretion (for example, to liquidate a specific holding or holdings in a Client's account). Notably, unlike Envestnet, TD Ameritrade has no investment discretion over securities in client accounts.

#### **Brokerage Services**

Pursuant to the TD Ameritrade Managed Assets Program Client Agreement, the Client authorizes Envestnet to designate TD Ameritrade as the broker of the Client's choice ("Broker") to provide trade execution services. TD Ameritrade and its affiliated clearing firm, TD Ameritrade Clearing, Inc. ("Clearing"), are also appointed to serve as custodians of the Client's assets. Please refer to the section titled Additional Information below for further details.

Services provided by TD Ameritrade and Clearing in this capacity are provided pursuant to a separate agreement between the Client and TD Ameritrade. TD Ameritrade directs all retail Client equity and options orders to Clearing. Clearing directs TD Ameritrade's orders to various venues, including exchanges, markets, and dealers for execution. Clearing may receive payment for directing TD Ameritrade's order flow to these venues. Clearing provides quarterly reports that present a general overview of its routing practices on the TD Ameritrade website.

TD Ameritrade benefits from these arrangements indirectly through its affiliation with Clearing. In addition, fixed-income transactions may be directed to TD Ameritrade for execution on an agency or principal basis.

Sub-Managers will have the authority to effect transactions with or through another broker, dealer, or bank if the Client's Advisor or Sub-Manager believes that "best execution" of transactions may be obtained through such other broker, dealer, or bank, including any broker/dealer that is affiliated with the Advisor, Sponsor, or Sub-Manager. The Sub-Manager is not required to solicit competitive bids for each transaction or to seek the lowest available commission cost for the account in circumstances where it: (i) reasonably believes that Clearing will endeavor to obtain a "best execution" market price on the particular transaction; and (ii) determines in good faith that the commission cost is reasonable in relation to the value of the brokerage and research services (as defined in Section 28(e)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) provided to the Sub-Manager. Although TD Ameritrade will use all reasonable efforts to assure that the Client obtains best execution, by directing brokerage to TD Ameritrade, the Client may not necessarily receive best execution on each transaction.

There is no separate charge to Clients for trade execution and clearing services for orders placed with TD Ameritrade. However, the net purchase price to Clients may include markups and markdowns paid to market makers, including TD Ameritrade and its affiliates, and dealer spreads for offerings of securities. Not all investment advisors require their clients to direct brokerage, although wrap programs, such as the programs offered by Envestnet, typically do require directed brokerage. Sub-Managers may aggregate Client trades with their own trades or trades for other Clients. See each Sub-Manager's Form ADV for any policies they may have regarding aggregation of trades, and whether research is used to service all of the applicant's accounts or just those accounts paying for it. Please refer to the section titled Additional Information below for further details.

### **Fixed-Income Research and Trading on Veo®**

Clients in MAP pay an all-inclusive fee. This fee is administered by TD Ameritrade, which retains a portion of the fee for custody, clearing, transaction execution and monthly statement reporting charges. TD Ameritrade remits a portion of the Client fee to Envestnet, which pays the Sub-Manager and which retains a portion of the fee. The Sub-Manager's fees will generally fall within a range of 0.15%-0.75% of assets under management. Fees charged are calculated as an annual percentage of assets based on the market value of the account at the end of each quarter. Fees are billed on a calendar quarter basis in advance and pro-rated to the end of the quarter upon inception of the account. The level of the fee will vary based upon the amount of assets under advisement in MAP and on the particular investment styles and investment alternatives chosen or recommended. Clients may receive comparable services from other sources in exchange for fees that may be lower or higher than those charged by TD Ameritrade and Envestnet.

Clients in MAP are charged an investment management fee for the services described above. The fees for the Program are per portfolio. The MAP fees are deducted on a quarterly basis in advance.

### **Fee Schedule (not including the fee charged by the Advisor)**

The standard fee schedule for such services is as follows, but may be negotiable in individual cases. Fees are calculated on a per-account basis. Fees charged by Advisors are usually not included in the MAP fee. These fees are negotiated separately between the Advisor and their MAP Clients. The Advisor may arrange to have Envestnet collect these fees when it collects the MAP fee, and Envestnet will remit such fees to the Advisor.

## **Separately Managed Accounts**

Account Size	Annual Fee: Equity/Balanced Portfolios	Annual Fee: Fixed-Income Portfolios	Annual Fee: Mutual Fund
<b>First \$250,000</b>	1.00%	0.70%	0.20%
<b>\$250,001-\$500,000</b>	0.85%	0.65%	0.20%
<b>\$500,001-\$1,000,000</b>	0.80%	0.60%	0.18%
<b>\$1,000,001-\$2,000,000</b>	0.75%	0.55%	0.15%
<b>\$2,000,001-\$5,000,000</b>	0.70%	0.50%	0.10%
<b>Over \$5,000,000</b>	Negotiable	Negotiable	Negotiable

- Minimum annual account fee: \$450
- Minimum investment: \$100,000 (depending on Sub-Manager selection, some minimums may be higher)

For example, a Client with \$500,000 of investable assets in an equity-based portfolio strategy would be charged as follows:

First \$250,000 x 1.00% = \$2,500, next \$250,000 x 0.85% = \$2,125 for a total annual fee of \$4,625 (not inclusive of financial Advisor's fee)

## **Multi-Manager Accounts**

ANNUAL FEE:				
Account Size	Moderate Portfolio	Moderate Growth	Annual Fee: Growth	Aggressive Growth
<b>First \$500,000</b>	0.80%	0.85%	0.90%	0.95%
<b>\$500,001-\$1,000,000</b>	0.65%	0.70%	0.75%	0.80%
<b>\$1,000,001-\$2,000,000</b>	0.55%	0.60%	0.65%	0.70%
<b>Over \$2,000,000</b>	0.50%	0.55%	0.60%	0.65%

- Minimum annual account fee: \$300
- Fee includes individual money manager, overlay strategy, platform services, etc.
- Minimum investment: \$250,000

## Multi-Manager Accounts

Account Size	ANNUAL FEE:			
	PMC Select Mutual Fund*, **	Tactical ETF	PMC ETF	SIGMA Mutual Fund**
<b>First \$250,000</b>	0.00%	0.60%-0.70%	0.40%	0.30%
<b>\$250,001-\$500,000</b>	0.00%	0.60%-0.70%	0.35%	0.28%
<b>\$500,001-\$1,000,000</b>	0.00%	0.50%-0.60%	0.30%	0.26%
<b>\$1,000,001-\$2,000,000</b>	0.00%	0.50%-0.60%	0.25%	0.22%
<b>Over \$2,000,000</b>	0.00%	0.45%-0.55%	0.20%	0.20%
<b>Minimum Annual Account Fee</b>	\$0	\$0	\$125	\$200
<b>Minimum Investment</b>	\$50,000	\$100,000	\$50,000	\$50,000

\*Platform fee paid out of internal expense ratios of the underlying PMC funds

\*\*All no-transaction-fee funds, therefore no custody fee applies

### Advisor as Portfolio Manager

Account Size	Annual Fee
<b>First \$250,000</b>	0.30%
<b>\$250,001-\$500,000</b>	0.25%
<b>\$500,001-\$1,000,000</b>	0.15%
<b>\$1,000,001-\$2,000,000</b>	0.13%
<b>Over \$2,000,000</b>	0.12%

- Minimum annual account fee: \$125
- Fee includes Envestnet platform services as well as TD Ameritrade clearing and custody
- Minimum investment: \$25,000

### PMC Ultra Short-Term Fixed-Income Portfolio

Account Size	Annual Fee
<b>Any</b>	0.18%

- Minimum annual account fee: \$50
- Minimum investment: \$25,000
- All no-transaction-fee funds, therefore no custody fee applies

## Reporting-Only Service Fees

Reporting-Only allows for comprehensive reporting on assets held in accounts not managed by Envestnet; the services include daily data collection and reconciliation of account data, daily Web views, quarterly performance reporting, and billing.

### Advisor as Portfolio Manager

Account Size	Annual Fee
<b>First \$1,000,000</b>	0.05%
<b>Over \$1,000,000</b>	0.02%

- Minimum annual account fee: \$200
- Maximum annual account fee: \$800
- Manual entry of cost basis data at setup = \$1 per tax lot
- Manual entry of historical data = \$100/hour

### **Other Issues Relating to Fees**

The cost of investment advisory services provided through MAP may be more or less than the cost of purchasing similar services separately whether using TD Ameritrade or other sources. Among the factors impacting the relative cost of the program to a particular Client are the size of the account, the type of account (i.e., equity or fixed income), the size of the assets devoted to a particular strategy, and the Sub-Managers selected. The minimum account size varies depending on the selected investment strategy. In some cases, investment advisors who recommend MAP to their Clients may receive services from TD Ameritrade as a result of their Clients' participation in MAP. Please refer to the Additional Information section below for more details.

These services may be more than what the Advisor would receive if the Client participated in other programs or paid separately for investment advice, brokerage, and other services. Such individuals may therefore have a financial incentive to recommend MAP over other programs or services. However, MAP fees have not been increased to cover fees paid to those Advisors.

The MAP fee does not cover, and the Client will be additionally responsible and charged for:

- (i) commissions, markups, markdowns, spreads, and other transactional charges on securities transactions effected through, or with, brokers and dealers other than TD Ameritrade;
- (ii) interest on debit account balances, where applicable;
- (iii) the entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or dealer (including TD Ameritrade) involved in a distribution of securities;
- (iv) bid-ask spreads;
- (v) odd-lot differentials;
- (vi) exchange fees, transfer taxes and other fees required by law;
- (vii) Individual Retirement Account fees, qualified retirement plan account fees and other account maintenance fees; and
- (viii) other fees that may be assessed by TD Ameritrade in its capacity as broker and custodian upon notice to the Client.

### **Termination**

The TD Ameritrade MAP Client Agreement may be terminated by the Client within five business days of the Advisor's, Sponsor's, or Envestnet's acceptance by giving written notice of such cancellation to the Advisor. In such event, any MAP fees paid by the Client shall be refunded to the Client, but the Client shall be responsible for any transactions executed prior to the Advisor's receipt of the written cancellation notice. Thereafter, either party may cancel the agreement at any time, for any reason, upon receipt of 30-days' prior written notice.

Clients will receive a pro-rated refund of any prepaid quarterly MAP fee, based upon the number of days remaining in the quarter after the termination date. Clients will be charged a \$500 liquidation fee per account for accounts that are terminated, for which the Client instructs securities to be liquidated and/or cash to be delivered. Clients are not charged a liquidation fee if securities are to be delivered in-kind.

## **Account Requirements and Types of Clients**

TD Ameritrade's advisory Clients include individuals, pension and profit-sharing plans, trusts, estates, corporations, and other business entities. The minimum account size will vary depending on the selected investment strategy (see the Fees section of this document for more details) for individually managed accounts in MAP. Some Advisors may have higher minimums. The Client's Advisor must participate in MAP, and the Client must choose TD Ameritrade as the custodian and broker for the assets. Please refer to the Services, Fees and Compensation section above for more details.

## **Portfolio Manager Selection and Evaluation**

Envestnet selects and monitors the investment managers who make investment decisions. Through MAP, Envestnet evaluates Sub-Managers specializing in each of the asset categories listed, including equities (both domestic and foreign), ETF corporate debt, commercial paper, certificates of deposit, municipal securities, mutual funds, government securities, options, and futures. Envestnet will recommend an asset allocation (and Sub-Managers within an asset category) based upon the Client's needs and objectives. In some cases, Sub-Managers will supply Envestnet with a model portfolio, and Envestnet will invest Client assets accordingly.

TD Ameritrade relies upon Envestnet for analysis and information, recommended asset allocation strategies and the identification, selection, and monitoring of Sub-Managers. As part of Envestnet's proprietary internal research process, databases of independent sources are used. Envestnet's Sub-Manager screening process considers, among other things, investment philosophy, style category, historical performance, and historical risk/reward relationships. Envestnet develops asset allocation strategies that best suit the Client's needs and objectives based on financial and demographic information provided by the Client on the Client Profile. In formulating these strategies and recommendations, Envestnet uses proprietary analytical methodologies and commercially available optimization software. Factors used in the asset allocation process include historical rates of risk and return on various asset classes, correlation across asset classes, and risk premiums.

The investment professionals at investment management firms are a primary source of information to Envestnet, providing quantitative and qualitative information. In addition, Envestnet employs several publicly available databases from independent sources, including but not limited to Nelson's Directory of Investment Managers, the Mobius M-Search database, and Morningstar® Principia®. These databases are used to verify the information provided by the Sub-Managers.

### **Proxy Voting**

While TD Ameritrade is an investment advisor registered with the Securities and Exchange Commission, it has no investment discretion over securities in Client accounts. Because TD Ameritrade lacks such investment discretion, it does not have authority over, and specifically disclaims responsibility for, voting proxies for securities in Client accounts. Since TD Ameritrade does not have proxy voting authority over securities in Client accounts, TD Ameritrade is not required to have, and does not have, policies and procedures in place to govern the voting of proxies.

## Client Information Provided to Portfolio Managers

TD Ameritrade provides each Advisor with a Client Profile to obtain information relevant to the financial position and objectives of the Client and to determine that the use of a particular Sub-Manager is appropriate and suitable. Envestnet's asset allocation and financial planning strategy development services assist Clients in meeting their goals and objectives. Using demographic and financial information provided by the Client and Advisor, Envestnet will assess the Client's risk profile and investment objectives in determining an appropriate plan of action for the assets placed in MAP. Envestnet's research team uses a number of proprietary analytical tools and commercially available optimization software applications in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical rates of risk and return for various asset classes, correlation across asset classes, and risk premiums. Please refer to the Services, Fees and Compensation section and the Portfolio Manager Selection and Evaluation section above for more details.

MAP is intended to comply with Rule 3a-4 under the Investment Company Act of 1940. Each Client's account is managed on the basis of the Client's individual financial situation. Each Client has the opportunity to select the account's investment objective and impose reasonable restrictions on the management of the assets in the account. In addition, Clients will be contacted annually and notified quarterly by their Advisors in order to confirm the accuracy of this information.

## Client Contact with Portfolio Managers

Envestnet provides a periodic statement, no less than quarterly, to all Advisors participating in MAP. Advisors are responsible for providing these or similar statements to the Client and reviewing them with the Client at least quarterly and as market conditions warrant. The Client will receive periodic brokerage statements, no less than quarterly, from TD Ameritrade. The statements will delineate all activity in the account, providing a detailed list of holdings with valuations and account activity, as well as confirmations of all securities transactions from the clearing firm. In addition, the Client will receive a quarterly statement from his/her Advisor, showing the allocation of the assets in the account, as well as the performance of the account during the quarter. The Client will have access to his or her own Advisor but will not have access to Envestnet or Sub-Managers as those relationships are managed by the Client's Advisor.

## Additional Information

### **Disciplinary Information**

The Securities and Exchange Commission (SEC) and other regulatory agencies and organizations have, in the past, taken certain disciplinary actions against TD Ameritrade (formerly TD Waterhouse Investor Services, Inc. ("TD Waterhouse")) for alleged violations of the federal securities laws and regulations and rules. The matters have been settled, and TD Waterhouse has paid fines with respect to such violations.

On September 16, 2004, the SEC instituted cease-and-desist proceedings pursuant to Section 15(b)(4) of the Exchange Act and Section 203(k) of the Investment Advisers Act of 1940 (the "Advisers Act") against TD Waterhouse for allegedly making undisclosed payments to three investment advisors, which the investment advisors failed to disclose, to encourage the investment advisors to use TD Waterhouse for their clients' brokerage business. The SEC alleged that TD Waterhouse did not follow its internal compliance procedures, which required it to ensure that the investment advisors who received payments from TD Waterhouse adequately disclosed those payments in their Forms ADV.

Without admitting or denying the allegations, TD Waterhouse submitted an Offer of Settlement, which the SEC accepted, in which TD Waterhouse was: (i) censured pursuant to Section 15(b)(4) of the Exchange Act; (ii) ordered to cease and desist from committing or causing any violations and any future violations of Sections 206 (2) and 207 of the Advisers Act; and (iii) ordered to pay a civil money penalty in the amount of \$2,000,000.

On April 29, 2004, TD Waterhouse submitted a Letter of Acceptance, Waiver and Consent ("AWC") with the NASD, Inc. for the purpose of proposing a settlement, without admitting or denying the allegations or findings contained therein, regarding TD Waterhouse's alleged failure to establish and maintain an adequate supervisory system and written procedures reasonably designed to detect and prevent late trading in mutual fund transactions, a violation of Rule 22c-1 under the Investment Company Act of 1940. The AWC stated that as a result of the shortcomings in TD Waterhouse's supervisory system and written procedures, TD Waterhouse violated NASD Rules 3010 and 2110. The AWC was accepted by the NASD, Inc. In connection with the AWC, TD Waterhouse was censured and paid a fine in the amount of \$150,000.

### **Other Financial Industry Activities and Affiliations**

TD Ameritrade provides custody, brokerage, and other financial services to independent financial Advisors and their Clients.

TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (member FINRA/SIPC/NFA). TD Ameritrade is a subsidiary of TD Ameritrade Online Holdings Corp., which is a wholly owned subsidiary of TD Ameritrade Holding Corporation (formerly known as Ameritrade Holding Corporation). TD Ameritrade is a registered broker/dealer that principally provides discount brokerage services. Nearly 100% of TD Ameritrade's business is derived from brokerage and related services. TD Ameritrade Client accounts are carried on a fully disclosed basis by its affiliate, Clearing, and Clients are charged discount brokerage commissions.

TD Asset Management USA, Inc. ("TDAM"), a registered investment Advisor affiliated with TD Ameritrade, may be investment Advisor to certain money market mutual funds that may be used by TD Ameritrade as the sweep vehicle for uninvested funds in a Client's account. As Advisor to these funds, TDAM will be paid a management fee by each fund as described in the fund's prospectus.

TD Bank, N.A. (member FDIC) and TD Bank USA, N.A. (member FDIC) are national banks that offer a money market deposit account that may be used by TD Ameritrade as the sweep vehicle for uninvested funds in a Client's account. In this capacity, TD Bank, N.A. and TD Bank USA, N.A. may earn certain fees and revenues in connection with Client assets swept from a Client's account.

TD Ameritrade Trust Company is a wholly owned subsidiary of TD Ameritrade Holding Corporation offering asset custody, trust, and comprehensive back-office support services to a wide range of plan types. TD Ameritrade Trust provides services through institutional clients only - third-party administrators, record-keepers, and investment advisors.

TD Ameritrade and Clearing are wholly owned subsidiaries of TD Ameritrade Holding Corporation. TDAM, TD Bank, N.A. and TD Bank USA, N.A. are owned and controlled by The Toronto-Dominion Bank (NYSE: TD), which has an ownership interest in TD Ameritrade Holding Corporation.

Clearing is transfer agent for certain money market mutual funds that may be used by TD Ameritrade as the sweep vehicle for uninvested funds in a Client's account. As transfer agent, Clearing may be paid a fee by each fund as described in the fund's prospectus.



TD Ameritrade, together with its affiliated entities, and in its capacity as a securities broker/dealer, investment banker, and investment Advisor, is routinely engaged in various securities transactions and trading activities for various Clients (in addition to the Client), which could create conflicts of interest among its duties to the Client and its duties to other Clients. As a broker/dealer, and together with its affiliated entities, on an ongoing basis and as permitted by applicable law, TD Ameritrade may, where appropriate:

- (i) as principal, buy securities for itself from, or sell securities it owns to, a Client;
- (ii) as broker or agent, effect securities transactions for compensation for a Client;
- (iii) as broker or agent for any person other than a Client, effect transactions in which Client securities are sold to or bought from a brokerage Client;
- (iv) recommend to Clients that they buy or sell securities or investment products in which TD Ameritrade or a related person has some financial interest;
- (v) buy or sell for itself securities that it also recommends to Clients;
- (vi) receive payments from mutual funds, mutual fund advisors, and/or their underwriters in connection with investments by Clients in those mutual funds;
- (vii) receive monetary and non-monetary compensation when it sends orders to a particular exchange, market or dealer, a practice commonly known as "payment for order flow;"
- (viii) receive compensation from, participate in the profits of, and possibly have reciprocal routing arrangements with certain affiliated and independent exchange specialists and dealers who execute orders; and
- (ix) receive rebates and credits against fees paid to various exchanges.

In the event that TD Ameritrade sells a security to, or buys a security from, a Client from its inventory accounts, and the market price of the security has changed while the security was held by TD Ameritrade or the Client, TD Ameritrade will use all reasonable efforts to assure that the Client obtains the best net price and execution on the purchase or sale based on prevailing inter-dealer market prices. In some circumstances, the change in market price may result in a financial benefit to TD Ameritrade. TD Ameritrade and its affiliates may give advice and take action in performing their duties to other Clients that differ from advice given, or the timing and nature of action taken, with respect to the Client's accounts.

In the course of their respective investment banking activities or otherwise, TD Ameritrade and its affiliates may, from time to time, acquire material non-public or other information about corporations or other entities or their securities. TD Ameritrade and its affiliates are not obligated, and may not be permitted, to divulge any such information to or for the benefit of Clients, or otherwise act on the basis of any such information in providing services to Clients.

TD Ameritrade has adopted and enforces internal policies and procedures with respect to conflicts of interest between TD Ameritrade and its Clients in purchasing and selling securities for its own account and for Client accounts. Pursuant to these policies and procedures, TD Ameritrade treats Client orders fairly and does not give its own orders preference over Client orders. Where required by applicable law or exchange rules, TD Ameritrade obtains the consent of affected Clients in advance of any transactions in which TD Ameritrade will be engaging in the enumerated activities. When TD Ameritrade engages in the enumerated activities, all statements and/or confirmations of such transactions contain the disclosures required by applicable law and exchange rules.

Each Client pays a fee that covers, among other services and costs, most transactional charges relating to securities trades effected with or through TD Ameritrade. From TD Ameritrade's perspective, depending on the fee level and the portfolio turnover rate in a MAP account, the bundled compensation arrangement under MAP may provide more total compensation to TD Ameritrade than the combined compensation from the Client in an unbundled arrangement (that is, if TD Ameritrade were paid separately for investment advisory services, brokerage, reports and other services). Therefore, TD Ameritrade might have a financial incentive to recommend MAP over other suitable services and programs, or to effect fewer portfolio transactions than it would effect under an alternative fee arrangement. Further, although TD Ameritrade is required to compare its own trading and execution capabilities with that of other brokers and dealers, the fee arrangement under MAP may create an incentive for TD Ameritrade to refrain from searching as actively among other securities brokers and dealers for best execution.

In addition, fees charged by Advisors are generally not included in the MAP fee. These fees are negotiated separately between the Advisor and the Advisor's MAP Clients. The Advisor may arrange to have Envestnet collect these fees when it collects the MAP fee, and Envestnet will remit such fees to the Advisor. Please refer to the Services, Fees and Compensation section above for additional details.

The services the Advisor receives when his Clients participate in MAP may be more than what the Advisor would receive if the Clients participated in other programs or paid separately for investment advice, brokerage and other services. Such individuals may therefore have a financial incentive to select MAP over other programs or services. Please refer to the Services, Fees and Compensation section above for additional details.

In addition to money market funds, account assets may, from time to time, be invested in shares of other, unaffiliated open-end investment companies (mutual funds). Since TD Ameritrade may act as selling agent, and/or underwriter and/or render other services for various funds advised and/or sponsored by certain of its affiliates or non-affiliates, including registered funds, hedge funds, venture capital or real estate investment funds and other similar investment vehicles, TD Ameritrade or its affiliates may receive compensation for such services. For example, TD Ameritrade may receive payments from unaffiliated mutual funds, mutual fund advisors and/or their underwriters, including Rule 12b-1 charges and other asset-based charges in connection with investments by TD Ameritrade Clients. Such payments may, where permitted under applicable regulatory requirements, be retained by TD Ameritrade. In addition, if and to the extent that a Client's account assets are invested in mutual funds and/or variable annuities, then the Client may indirectly pay duplicate advisory and other fees in connection with such investments because the Client could be charged advisory fees by the advisors to the funds in addition to the advisory fees he pays his Advisor. Furthermore, if the Client's Advisor invests the assets in affiliated mutual funds that may be advised by the Advisor, the Client may pay duplicate advisory fees to the Advisor.

In connection with its participation as a member of syndicates underwriting public offerings of equity and fixed-income securities, TD Ameritrade may make unsolicited telephone calls or email mailings to Clients who have brokerage accounts with TD Ameritrade and to Advisors whose Clients maintain brokerage accounts with TD Ameritrade, including Advisors participating in MAP, to advise of the availability of the securities through TD Ameritrade and inquire whether the Clients and Advisors, on behalf of the Client accounts they manage, are interested in purchasing the securities in the public offering.



## **Code of Ethics, Participation, or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

TD Ameritrade has adopted a Code of Ethics ("Code of Conduct") that sets forth the standards of conduct expected of TD Ameritrade personnel. The Code of Conduct reflects TD Ameritrade's belief in the absolute necessity to conduct all business, make all decisions and carry on all personal activities at the highest ethical and professional levels. TD Ameritrade requires personnel to make their personal brokerage account statement information available to the Compliance Department, and requires the Compliance Department to preapprove certain investments. TD Ameritrade is required to keep copies of the Code of Conduct and records relating to the Code of Conduct. TD Ameritrade personnel are required to submit an annual acknowledgement and certification stating that such personnel have complied with the Code of Conduct.

All associates, officers and directors of TD Ameritrade are required to comply with the Code of Conduct. TD Ameritrade personnel are required to report violation(s) or potential violation(s) of the TD Ameritrade Code of Conduct of which they become aware. The standards set forth in the Code of Conduct are intended to protect the associates and Clients of TD Ameritrade, the shareholders of TD Ameritrade and the organization as a whole. The Code of Conduct also contains policies involving the safeguarding of proprietary and nonpublic information and the use of nonpublic information regarding a Client.

TD Ameritrade will provide a copy of the Code of Conduct to any Client or prospective Client upon request.

### **Participation or Interest in Client Transactions**

As a broker/dealer, TD Ameritrade may receive certain fees and commissions, including a share of commissions for effecting Client transactions. Any such fees or commissions are part of, not in addition to, the single flat fee paid by the Client in advisory accounts, except that the MAP fee does not cover, and the Client will be additionally responsible and charged, for:

- (i) commissions, markups, markdowns, spreads, and other transactional charges on securities transactions effected through, or with, brokers and dealers other than TD Ameritrade;
- (ii) interest on debit account balances, where applicable;
- (iii) the entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or dealer (including TD Ameritrade) involved in a distribution of securities;
- (iv) bid-ask spreads;
- (v) odd-lot differentials;
- (vi) exchange fees, transfer taxes and other fees required by law;
- (vii) Individual Retirement Account fees, qualified retirement plan account fees and other account maintenance fees; and
- (viii) other fees that may be assessed by TD Ameritrade in its capacity as broker and custodian upon notice to the Client.

TD Ameritrade may also receive trailing commissions from mutual funds for purchases of mutual fund shares by MAP Clients.

TD Ameritrade and certain affiliates underwrite securities; however, TD Ameritrade, in its capacity as an investment Advisor, does not recommend these securities to its advisory Clients. As a broker/dealer, TD Ameritrade may, from time to time, accept brokerage orders to buy and sell securities from advisory Clients. TD Ameritrade, acting in such broker/dealer capacity, will forward such orders to Clearing, its clearing broker, for execution on a fully disclosed basis. Clearing may act as

agent or principal on the trade. Principal transactions may be effected for advisory Clients in accordance with applicable law.

TD Ameritrade may also provide execution services relative to the purchase and/or sale of securities for Client accounts where the Client has so agreed and will be entitled to receive compensation for such services. "Agency cross" transactions (i.e., transactions in which TD Ameritrade or any person controlling, controlled by, or under common control with TD Ameritrade acts as broker for the party or parties on both sides of the transaction) may be effected for Client accounts to the extent permitted by law. For both over-the-counter and listed stocks, options and fixed-income transactions, Clearing may execute orders on an agency basis by crossing a Client's order with TD Ameritrade's other Client orders. TD Ameritrade may receive compensation from parties on both sides of such transactions (the amount of which may vary) and, as such, TD Ameritrade will have a potentially conflicting division of loyalties and responsibilities.

In addition, TD Ameritrade may recommend, to its Clients and Advisors on behalf of their Clients, that they buy or sell securities or investment products in which TD Ameritrade or a related person has some financial interest. For example, it may recommend to Clients that they buy or sell securities or investment products in which its affiliates have a financial interest when an affiliate acts as a placement agent for particular securities. A second example is the affiliated money market mutual funds that may be used by TD Ameritrade as the sweep vehicle for uninvested funds in a Client's account. TDAM may be investment Advisor to the affiliated money market funds, and Clearing acts as the transfer agent for these funds. TDAM and Clearing both receive fees from the affiliated money market funds based on the size of such money market funds. In addition, payments may be made by TDAM to TD Ameritrade pursuant to a services agreement for TD Ameritrade's making the TDAM funds available to its Clients and performing certain marketing support services with respect to those funds. Please refer to the Other Financial Activities and Affiliations section above for additional details.

TD Ameritrade has adopted and enforces internal policies and procedures with respect to conflicts of interest between TD Ameritrade and its Clients in purchasing and selling securities for its own account and for Client accounts. Pursuant to these policies and procedures, TD Ameritrade, when engaging in the activities enumerated above, treats Client orders fairly and does not give its own orders preference over Client orders. Where required by applicable law or exchange rules, TD Ameritrade discloses conflicts and/or obtains the consent of affected Clients in advance of any transactions in which TD Ameritrade will be engaging in the enumerated activities. When TD Ameritrade engages in the enumerated activities, all statements and/or confirmations of such transactions contain the disclosures required by applicable law and exchange rules.

### **Review of Accounts**

Envestnet provides a periodic statement, no less than quarterly, to all Advisors participating in MAP. Advisors are responsible for providing these or similar statements to the Client and reviewing them with the Client at least quarterly and as market conditions warrant. The Client will receive periodic statements, no less than quarterly, from TD Ameritrade providing a detailed list of holdings with valuations and account activity, as well as confirmations of all securities transactions from the clearing firm. In addition, the Client will receive a quarterly statement from his/her Advisor, showing the allocation of the assets in the account, as well as the performance of the account during the quarter.

### **Client Referrals and Other Compensation**

Certain Advisors may receive several benefits through TD Ameritrade's institutional Client program, and thus an Advisor may recommend TD Ameritrade to a Client for custody and brokerage services.

There is no direct link between an Advisor's participation in the institutional Client program and the investment advice it gives to its Clients, although an Advisor may receive several benefits through TD Ameritrade that may or may not directly benefit the Client including:

- (i) duplicate Client confirmations;
- (ii) research-related products and tools;
- (iii) consulting services;
- (iv) access to a trading desk serving Advisor participants;
- (v) access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts);
- (vi) the ability to have advisory fees deducted directly from Client accounts;
- (vii) access to an electronic communications network for Client order-entry and account information;
- (viii) access to mutual funds with no transaction fees
- (ix) access to certain institutional money managers; and
- (x) discounts on compliance, marketing, research, technology, and practice management products or services provided by third parties.

In addition, TD Ameritrade may pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for Advisor's personnel to attend conferences or meetings relating to the program

or to TD Ameritrade's advisory, custody, and brokerage services generally. These benefits received by the Advisor do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to the Client, an Advisor will endeavor at all times to put the Client's interests first; however, the receipt of economic benefits by an Advisor, in and of itself, creates a potential conflict of interest.

TD Ameritrade also offers additional benefits to select investment Advisors in the institutional Client program. These additional services may include reimbursement or waiver of fees or expenses related to the Advisor's business as an Advisor, or the provision of services or other things of value for use in connection with the Advisor's business. An Advisor's receipt of additional services also raises potential conflicts of interest. In providing additional services to an Advisor, TD Ameritrade considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, the Advisor's Clients' accounts maintained with TD Ameritrade.

The services the Advisor receives when his Clients participate in MAP may be more than what the Advisor would receive if the Clients participated in other programs or paid separately for investment advice, brokerage and other services. Such individuals may therefore have a financial incentive to select MAP over other programs or services. Please refer to the Services, Fees and Compensation section above for additional details.

#### **Financial Information**

TD Ameritrade is a qualified custodian as defined in SEC rule 206(4)-2.

Mailing address:

**TD Ameritrade Institutional**  
PO BOX 919094  
San Diego, CA 92191-9094

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**Investment Products: Not FDIC Insured \* No Bank Guarantee \* May Lose Value**

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