

**Item 1 Cover Page**

**Lockwood Advisors, Inc.**

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**Managed360<sup>TM</sup> Program**

**Wrap Fee Program Brochure**

**Form ADV Part 2A, Appendix 1**

**(as of February 17, 2015)**

**This Wrap Fee Program Brochure provides information about the qualifications and business practices of Lockwood Advisors, Inc. (“Lockwood”). If you have any questions about the contents of this brochure, please contact Lockwood at (800) 200-3033, Option 3. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any other state securities authority.**

**Additional information about Lockwood Advisors, Inc. is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Lockwood is a registered investment adviser with the SEC. SEC registration neither implies nor asserts that the SEC nor any state securities authority has approved or endorsed Lockwood or the contents of this disclosure. In addition, SEC registration does not carry any official imprimatur or indication Lockwood has attained a particular level of skill or training.

## **Item 2    Material Changes**

This is the initial Wrap Fee Program Brochure (this “Brochure”) for the Managed360 Program. In the future, material changes to this Brochure will be identified in this section.

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## **Item 4 Services, Fees and Compensation**

### **A. About Lockwood**

Lockwood was organized in 1995 and opened for business in the summer of 1996. It is registered with the SEC as an investment adviser. In 2002, The Bank of New York Company, Inc. acquired Lockwood. Lockwood is now an indirect, wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”), a publicly-owned company.

Lockwood provides access to individual portfolio managers (“Portfolio Managers”) and investment advisory and discretionary services to financial planners, certified public accountants, broker-dealers, registered investment advisers, and other financial advisors (“Firms” or “Firm” in the singular) which, in turn, provide investment advice and consulting services their clients (“Clients”). Client level advice is generally performed by an employee, agent, affiliate or other delegated persons of a Firm (collectively, “Consultants”). Lockwood does not have any offices located outside of the United States. Lockwood may accept certain non-U.S. clients, in its sole discretion, in accordance with all applicable laws.

An affiliate of Lockwood, Pershing LLC (“Pershing”) is a SEC registered broker-dealer that is a member of the Financial Industry Regulatory Authority (“FINRA”), the Securities Investor Protection Corporation (“SIPC”) and the New York Stock Exchange (“NYSE”), and provides clearing and custody services for the Lockwood programs described in this Brochure. Another affiliate of Lockwood, Pershing Advisor Solutions LLC (“PAS”), is a SEC registered broker-dealer that is a member of FINRA and SIPC, and provides retail brokerage services for certain Clients in the Program. Lockwood, Pershing and PAS are affiliated companies, each of which is indirectly owned by BNY Mellon.

Lockwood’s range of investment offerings includes the following:

- Separately Managed Accounts (“SMA”) – Researched SMA managers and open architecture managers;
- Lockwood AdvisorFlex Portfolios – A flexible mutual fund and exchange traded fund (“ETF”) product;
- Lockwood Investment Strategies – a unified managed account (“UMA”) product;
- Lockwood Asset Allocation Portfolios – A turnkey mutual fund and ETF wrap product; and
- Third Party Models Provider Program – Open architecture mutual fund and ETF models.

***Lockwood may perform services in one or more of the following capacities:***

- working with your Consultant to offer investment advisory services tailored to meet Clients’ individual needs;
- functioning as the sponsor of a managed account or wrap fee program;

- suggesting specific investment style allocations;
- reviewing Portfolio Managers and other investment vehicles appropriate for a particular platform;
- providing your Consultant access to summary information and quantitative information about the Portfolio Managers and their investment styles provided by the Portfolio Managers (“Manager Profiles”);
- providing mutual fund screening services;
- providing Portfolio Manager connectivity by entering into an agreement with each Portfolio Manager available in the Program, which provides for the investment advisory services that the Portfolio Manager will provide to you;
- entering into an investment advisory agreement with you;
- suggesting certain periodic rebalancing and investment plan adjustment;
- providing access to clearing, custody, and other brokerage services through its affiliate, Pershing;
- acting as manager for certain, discretionary proprietary managed products described below; and
- providing access to model portfolios (“Models”) created by third party model providers (“Third Party Model Providers”) and acting as manager with respect to such Models.

Lockwood provides separately managed accounts (“SMAs”) in which each account has a Portfolio Manager responsible for the day-to-day investment decisions. In most cases, the Portfolio Managers used are independent from Lockwood and its affiliates. In the event a Portfolio Manager is affiliated with Lockwood, it will be designated as an affiliate. In addition, because Lockwood also functions as a Portfolio Manager in certain programs, Lockwood, itself, may be the underlying manager on some Client accounts. Unless otherwise noted, all references in the Brochure to a Portfolio Manager should be read to include Lockwood’s acting as a manager with respect to the following programs: Lockwood AdvisorFlex Portfolios, Lockwood Investment Strategies, Lockwood Asset Allocation Portfolios and the Third Party Model Providers Models (collectively the “Lockwood Managed Programs”).

This Brochure describes the Managed360 Program (the “Program”), which allows you, with the assistance of you Consultant, to select one or more third party Portfolio Managers or from several Lockwood programs where Lockwood serves as manager.. In the Program, a Portfolio Manager manages your investment portfolio on a discretionary basis. Lockwood imposes certain minimum eligibility criteria on the Portfolio Managers, which are described in Item 6. You will open one or more brokerage accounts (“Brokerage Accounts”) with your broker-dealer (the “Broker”) to hold the assets in your investment portfolio.

In accordance with Rule 3a-4 under the Investment Company Act of 1940, as amended, Lockwood may contractually delegate certain administrative services to another party. Lockwood has delegated certain functions to its affiliate, the Managed Investments division of Pershing (“Managed Investments”), including:

- providing service, operational support and training to the Consultants;
- maintaining information about the Portfolio Managers’ investment styles, and making it available to the Consultants;
- providing an investment proposal generation tool to the Consultants;
- providing web-based account setup and account maintenance tools to the Consultants;
- coordinating with Portfolio Managers when your Firm submits account requests;
- providing account and asset reporting capabilities to the Consultants and the Firm;
- delivering Lockwood’s Brochure to you annually and at the time you enter into the investment advisory agreement with Lockwood;
- delivering each Portfolio Manager’s Form ADV Part 2 (“Manager Brochure”) at the time you enter into the investment advisory agreement with Lockwood;
- providing fee payments to the Portfolio Managers and the Consultant or the Firm;
- providing the Consultant and the Firm with access to daily and quarterly investment performance reports online; and
- providing support to the Portfolio Managers, which includes Portfolio Manager training, daily reporting, resolution and Portfolio Manager notification regarding trading, Portfolio Manager relationship management, and Portfolio Manager data set-up assistance within the Lockwood systems.

Lockwood serves as the program sponsor of the Managed360 program. In some cases, the Firm serves as the Broker and, if the Broker is dually registered as an investment adviser, the investment advisory representatives of the Firm serve as the Consultants. Alternatively, the Broker may partner with a third-party registered investment adviser (“RIA”) and the investment advisory representatives of the RIA serve as Consultants. For other Firms, PAS serves as the Broker and the Firm’s employees, agents, affiliates or other delegated persons serve as the Consultants. The Firm and/or the Consultant may obtain certain of the services described above, such as performance reporting and fee billing of the Consultant’s and/or Firm’s fee, from a third-party service provider instead of from Managed Investments, and/or they may perform certain of these functions internally. PAS may provide certain support functions to the Consultant and the Firm instead of Lockwood or Managed Investments.



## **B. The Consultant**

The Consultant assists you in determining investment objectives and asset allocation and which Portfolio Managers and investment solution to select to manage your accounts in the Program. You and your Consultant are responsible for reviewing your financial situation, risk tolerance and time horizon to determine your asset allocation and investment objectives. Lockwood has delegated to your Consultant and Consultant's Firm responsibility for all applicable aspects of suitability with respect to you, including a determination of the suitability of (i) your participation in the Program, (ii) the selected Portfolio Manager, (iii) securities transactions and (iv) the Program's fee. The Consultant is also responsible for ongoing monitoring and review of each Portfolio Manager's investment strategy and performance, your asset allocation and investment objectives and other applicable due diligence information. The Consultant is also responsible for obtaining your written authorization for certain account maintenance requests and forwarding such authorizations to the Broker, Lockwood or Managed Investments for processing.

Your Consultant may give you an investment questionnaire to collect financial information from you, so he or she can assist you in establishing appropriate investment goals, objectives and an investment policy for your investment portfolio(s) ("Investment Questionnaires"). In general, once you and your Consultant determine which program(s) and investment choices best suit your needs, the Consultant submits the necessary paperwork to Lockwood or Managed Investments. You, your Firm and Lockwood enter into a Client Agreement. The Client Agreement will designate the Broker with whom you have opened the Brokerage Account(s).

Based on your information collected in the Investment Questionnaire, your Consultant formulates an asset allocation proposal and identifies Portfolio Manager(s) that your Firm and Consultant believe are appropriate for your investment account. Generally, your Consultant will present you with a written investment proposal. Your Consultant will ask you to accept and approve this investment proposal. As part of the acceptance and approval process, and by signing the Client Agreement, you authorize Lockwood to delegate to the selected Portfolio Manager(s) discretionary trading authority over the applicable portion of your account. In some cases, Lockwood may be the selected Portfolio Manager. For specific information regarding Lockwood's discretion with respect to the Third Party Model Providers Models, see Item 6.

Through your agreement with the Consultant and/or the Firm, you shall authorize the Consultant to reallocate assets within the account, to harvest tax gains and losses and to change individual Portfolio Managers provided such changes are in accordance with your objective. Lockwood is not responsible for Consultant's actions taken to reallocate assets within the account, to harvest tax gains and losses and to change individual Portfolio Managers.

## **C. Broker**

The Broker or its designee is responsible for the following:

- maintaining records of your brokerage account application and agreement and other required account opening documents;
- facilitating brokerage-related books and records mailings to you;

- helping facilitate and support standard brokerage services such as account opening, funding and cash management functions;
- directing, through its relationship with Pershing, its clearing firm, custody and clearing, reporting and program administration for your account;
- ensuring delivery, through its relationship with Pershing, of transactions confirms and monthly statements to you and/or such other parties as directed by you; and
- accepting instructions from the Consultant on your behalf if you have given the Broker appropriate authorization.

Generally, the Firm will serve as Broker of record on your brokerage account. PAS, Lockwood's affiliate, may serve as Broker of record on your brokerage account if the Firm does not serve as Broker. Pershing, as clearing firm, performs due diligence of each non-affiliated Broker that has entered into a clearing agreement with Pershing.

#### **D. Products and Services**

##### **1. Separately Managed Accounts**

The SMA program was developed to provide you with access to third party Portfolio Managers who manage separately managed accounts on a discretionary basis. Lockwood collects the a program fee (the "Program Fee") for the SMA program for the services provided by Lockwood, Broker, Pershing, the Firm (if applicable) and the Portfolio Managers with respect to the SMAs. The maximum Program Fee for the SMA program are set forth in the table below. The fees are negotiable based on a number of factors that may result in a particular Client paying a fee greater or less than the maximum fees shown below.

<b><u>Account Size</u></b>	<b><u>Program Fee for Equity and Balanced Styles</u></b>	<b><u>Program Fee for Fixed Income Styles</u></b>
First \$500,000	0.95%	0.57%
Next \$500,000	0.90%	0.54%
Next \$4,000,000	0.85%	0.51%
Over \$5,000,000	0.75%	0.47%

Under Lockwood's agreements with the Portfolio Managers, each Portfolio Manager receives a portion of the Program Fee as compensation for the discretionary investment services it provides. The Portfolio Managers' fee rates are "institutional," which means that they are based on the total assets managed by each Portfolio Manager in the Program for each investment style and may become lower as total Program assets managed by each Portfolio Manager reach certain levels. For fixed income styles, the Portfolio Managers' fees generally range from 0.15% to 0.35% of assets under management. For equity and balanced styles, the Portfolio Managers' fees generally range from 0.30% to 0.65% of assets under management.

Where the Firm serves as Broker, Lockwood and Pershing each retain a portion of the SMA Program Fee (less the Portfolio Manager fees) for the services each provide to you. This portion of the fee compensates Lockwood for its services as program sponsor as described in Section A and Pershing for its clearing and custody services.

Where PAS is the Broker, PAS and Lockwood each retain a portion of the difference between the total SMA Program Fee and the Portfolio Manager fee. This portion of the fee compensates (i) Lockwood for its services as program sponsor as described in Section A; (ii) PAS for its services as Broker as described in Section C; and (iii) PAS for the support functions it provides to the Consultants and the Firms. PAS pays Pershing for its clearing and custody services.

If a particular Portfolio Manager fee is lower for an account, Lockwood retains a larger portion of the SMA Program Fee than it would for another account managed by a Portfolio Manager with a higher fee. As a result, Lockwood could have an incentive to contract with certain Portfolio Managers whose breakpoint schedules favor Lockwood, however only the unaffiliated Consultants and their Clients are selecting such Portfolio Managers for investment. Lockwood manages this potential conflict of interest in two ways. First, Lockwood applies the same due diligence criteria to all Portfolio Managers regardless of fee structure. Second, the Program is structured whereby Lockwood makes a large selection of Portfolio Managers available, but the final decision regarding which Portfolio Manager will manage each Client's account rests with the Client in consultation with the Consultant.

In addition to the Program Fee, the Consultant may add a reasonable advisory fee, subject to the applicable written agreement between you and Consultant and/or the Firm.

Lockwood may charge each Portfolio Manager an administrative fee ("Administrative Fee") to cover expenses associated with the portfolio accounting system, the billing support Lockwood provides to Portfolio Managers, tax lot or performance reporting and other administrative services Lockwood provides. The Administrative Fee for fixed income Portfolio Managers is four (4) basis points (0.04%) annually and for equity/balanced Portfolio Managers six (6) basis points (0.06%) annually on the market value of the assets managed by the Portfolio Manager. The Portfolio Manager pays the Administrative Fee to Lockwood; it is not charged to your account. In certain limited instances, Lockwood may waive or reduce the Administrative Fee.

## 2. Lockwood AdvisorFlex Portfolios

Lockwood acts as a Portfolio Manager in offering the AdvisorFlex Portfolios™ ("AFP") which is a flexible mutual fund and ETF wrap account product available in the Program. Lockwood is both the sponsor of the Program and the Portfolio Manager of the AFP product.

As Portfolio Manager, Lockwood makes investment decisions regarding asset allocation and investment selections. This process is described in more detail in Item 6 of this Brochure.

The Program Fee for AFP accounts is billed quarterly in advance, as follows:

<b><u>Account(s) Size</u></b>	<b><u>Program Fee for AFP</u></b>
First \$500,000	0.40%
Next \$500,000	0.35%
Over \$1,000,000	0.25%

Lockwood's fees are negotiable under certain circumstances, in Lockwood's sole discretion. You may pay more or less than other Clients depending on certain factors, including the type and size of the accounts, the historical or anticipated transaction activity, the range of services provided to you and your total relationship assets under management.

The Program Fee for AFP includes the Lockwood advisory fee, Lockwood's sponsor fee and Pershing's clearing and custody fee. The AFP Program Fee does not include fees or expenses, which may be associated with the underlying pooled investment vehicles (such as, mutual funds and ETFs), which include advisory fees and operational expenses such as transfer agent, distribution (12b-1), shareholder servicing, networking and recordkeeping fees and any transaction taxes associated with the underlying investments held. Your account will bear these fees and expenses as an investor in such pooled investment vehicles and, as a result, you may bear higher expenses than if you invested directly in the securities held by the pooled investment vehicle and/or other internal expenses.

In addition to the Program Fee, the Consultant may add a reasonable advisory fee, subject to the applicable written agreement between you and Consultant and/or the Firm.

With respect to mutual funds used in AFP accounts, the respective mutual funds may charge a redemption fee if shares are redeemed within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in each of the respective mutual fund's prospectuses. For complete details, you should review each mutual fund's prospectus. The mutual funds used in AFP are made available through Pershing. Pershing may be paid certain fees relating to these funds such as networking and 12b-1 fees.

If you have multiple AFP accounts, Lockwood may combine your accounts for fee calculation purposes, subject to certain restrictions.

### 3. Lockwood Investment Strategies

Lockwood Investment Strategies ("LIS") is a discretionary, multi-discipline managed account product housed in a single portfolio. Five core models and four alternative models are available. Lockwood, serving as the Portfolio Manager, determines asset allocation and selects both third-party asset managers ("Sub-Advisers") and specific investment vehicles based on its proprietary approach to asset allocation, as well as its macroeconomic outlook and investment discipline. This process is described in more detail in Item 6 of this Brochure.

The Program Fee for LIS accounts is billed quarterly in advance, as follows:

<b><u>Account(s) Size</u></b>	<b><u>Program Fee for LIS</u></b>
First \$500,000	0.75%
Next \$500,000	0.55%
Next \$4,000,000	0.40%
Next \$5,000,000	0.35%
Over \$10,000,000	0.30%

Lockwood's fees are negotiable under certain circumstances, in Lockwood's sole discretion. You may pay more or less than other Clients depending on certain factors, including the type and size of the accounts, the historical or anticipated transaction activity, the range of services provided to you and your total relationship assets under management.

In the Program, the LIS Program Fee includes the Lockwood advisory fee, Lockwood's sponsor fee, the Sub-Adviser fees and the Pershing clearing and custody fee. The LIS Program Fee does not include fees or expenses, which may be associated with the underlying pooled investment vehicles (such as, mutual funds and ETFs), which include advisory fees and operational expenses such as transfer agent, distribution (12b-1), shareholder servicing, networking and recordkeeping fees and any transaction taxes associated with the underlying investments held. Your account will bear these fees and expenses as an investor in such pooled investment vehicles and, as a result, you may bear higher expenses than if you invested directly in the securities held by the pooled investment vehicle and/or other internal expenses.

In addition to the Program Fee, the Consultant may add a reasonable advisory fee, subject to the applicable written agreement between you and Consultant and/or the Firm.

With respect to mutual funds used in the LIS portfolios, the respective mutual funds may charge a redemption fee if shares are redeemed by Lockwood within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in each of the respective mutual funds' prospectuses. For complete details, you should review each mutual fund's prospectus. The mutual funds used in LIS are made available through Pershing. Pershing may be paid certain fees relating to these mutual funds such as networking and 12b-1 fees.

If you have multiple LIS accounts, Lockwood may combine your accounts for fee calculation purposes, subject to certain restrictions.

Lockwood pays all of the Sub-Advisers, in the aggregate, the fee in the table below, which is based on the total assets in the LIS product. Lockwood allocates a portion of this total fee to each Sub-Adviser based on the percentage of the total LIS portfolio attributable to each such Sub-Adviser.

Sub-Adviser Fee Schedule:

<u>Assets</u>	<u>Sub-Adviser Fee</u>
First \$500,000,000	0.11%
Next \$500,000,000	0.08%
Next \$1,000,000,000	0.06%
Next \$1,000,000,000	0.05%
Over \$3,000,000,000	0.04%

4. Lockwood Asset Allocation Portfolios

Lockwood Asset Allocation Portfolios (“LAAP”) is a discretionary mutual fund and ETF wrap account product. Lockwood, serving as the Portfolio Manager, determines asset allocation strategy and selects investment vehicles for the portfolios, based on its proprietary approach to asset allocation, macroeconomic outlook and investment discipline. These portfolios may consist of open and closed-end mutual funds, exchange-traded funds and other types of securities, as determined by Lockwood, in its sole discretion. The securities currently used in the LAAP portfolios are subject to change at Lockwood’s sole discretion. This process is described in more detail in Item 6 of this Brochure.

The Program Fee for LAAP accounts is billed quarterly in advance, as follows

<u>Account(s) Size</u>	<u>Program Fee for LAAP</u>
First \$500,000	0.40%
Next \$500,000	0.35%
Next \$4,000,000	0.30%
Next \$5,000,000	0.25%
Over \$10,000,000	0.20%

Lockwood’s fees are negotiable under certain circumstances, in Lockwood’s sole discretion. You may pay more or less than other Clients depending on certain factors, including the type and size of the accounts, the historical or anticipated transaction activity, the range of services provided to you and your total relationship assets under management.

The LAAP Program Fee includes Lockwood’s advisory fee, Lockwood’s sponsor fee, and Pershing’s clearing and custody fee. The LAAP Program Fee does not include fees or expenses that may be associated with the underlying pooled investment vehicles (such as, mutual funds and ETFs), which include advisory fees and operational expenses such as transfer agent, distribution (12b-1), shareholder servicing, networking and recordkeeping fees and any transaction taxes associated with the underlying investments held. Your account will bear these fees and expenses as an investor in such pooled investment vehicles and, as a result, you may bear higher expenses than if you invested directly in the securities held by the pooled investment vehicle and/or other internal expenses.

In addition to the LAAP Program Fee, the Consultant may add a reasonable advisory fee, subject to the applicable written agreement between you and Consultant and/or the Firm.

With respect to mutual funds used in LAAP, the respective mutual funds may charge a redemption fee if shares are redeemed by Lockwood within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in each of the respective mutual funds' prospectuses. For complete details, you should review each mutual fund's prospectus. The mutual funds used in LAAP are made available through Pershing. Pershing may be paid certain fees relating to these mutual funds, such as networking and 12b-1 fees.

If you have multiple LAAP accounts, Lockwood may combine your accounts for fee calculation purposes, subject to certain restrictions.

#### 5. Third Party Model Providers

In the Third Party Model Providers program, Lockwood provides you with access to asset allocation Models generated Third Party Model Providers. Together with your Consultant, you select the Model or Models you would like to invest in. Lockwood acts as discretionary manager of your Account. Lockwood receives the Models from the Third Party Model Providers and enters the trade orders accordingly. This process and Lockwood's role as discretionary manager is described in more detail in Item 6 of this Brochure.

The Program Fee for the Third Party Model Providers program accounts is billed quarterly in advance, as follows:

<u>Account Size</u>	<u>Program Fee for Third Party Model Providers</u>
First \$500,000	0.30%
Next \$500,000	0.25%
Over \$1,000,000	0.20%

In addition, certain Third Party Model Providers charge a Strategist Fee. The Strategist Fee may vary by model and is shown in Exhibit B. Because the Strategist Fee varies based on the Model you have selected, the Third Party Model Providers Program Fee will vary accordingly. The Strategist Fee for available Models is included in Exhibit B.

Lockwood's fees are negotiable under certain circumstances, in Lockwood's sole discretion. You may pay more or less than other Clients depending on certain factors, including the type and size of the accounts, the historical or anticipated transaction activity, the range of services provided to you and your total relationship assets under management.

The Program Fee for the Third Party Model Providers program includes the Lockwood advisory fee, Lockwood's sponsor fee, and the Pershing clearing and custody fee. The Program Fee does not

include the Strategist Fee or fees or expenses, which may be associated with the underlying pooled investment vehicles (such as, mutual funds and ETFs), which include advisory fees and operational expenses such as transfer agent, distribution (12b-1), shareholder servicing, networking and recordkeeping fees and any transaction taxes associated with the underlying investments held. Your account will bear these fees and expenses as an investor in such pooled investment vehicles and, as a result, you may bear higher expenses than if you invested directly in the securities held by the pooled investment vehicle and/or other internal expenses..

In addition to the Program Fee and Strategist Fee, the Consultant may add a reasonable advisory fee, subject to the applicable written agreement between you and Consultant and/or Firm.

With respect to mutual funds used in the Third Party Model Providers Models, the respective mutual funds may charge a redemption fee if shares are redeemed by Lockwood within a specified period of time. The amount of the redemption fee, as well as the minimum holding period, is disclosed in each of the respective mutual funds' prospectuses. For complete details, you should review each mutual fund's prospectus. The mutual funds used in Third Party Model Providers Models are made available through Pershing. Pershing may be paid certain fees relating to these mutual funds such as networking and 12b-1 fees.

If you have multiple Third Party Model Providers Models accounts, Lockwood may combine your accounts for fee calculation purposes, subject to certain restrictions.

#### 6. Advisory Consulting Services

Lockwood may provide Advisory Consulting Services ("ACS"), consisting of proposal support, portfolio analysis, and program consultation, to Firms and Consultants. Upon request of a Firm or Consultant, Lockwood analysts on the ACS team may provide consultative services regarding the appropriate Portfolio Manager for a given asset class, or a deeper analysis on the performance and/or holdings of a "Covered Manager," as defined in Item 6. Further, upon request of a Firm or Consultant, Lockwood analysts may provide an analysis of an investor's current portfolio of assets, or guidance on which Portfolio Manager may be an appropriate match for the portfolio. This analysis may also include guidance on how the Consultant can rebalance the account among existing Portfolio Managers or by changing to another Portfolio Manager or investment product. Lockwood does not charge a fee in addition to the Program Fee for this service.

#### 7. Performance Link

Lockwood provides you with Performance Link functionality. Performance Link allows for consolidated performance reporting of managed accounts and retail accounts. Lockwood provides this performance reporting on a quarterly basis. You select the performance benchmark to be applied to the affected accounts.



The fee for Performance Link functionality is on a per account basis (based on Account Level Assets), as follows:

First \$500,000	0.03%
Next \$500,000	0.02%
Over \$1,000,000	0%

The minimum fee charged per quarter per account is \$35.00. The maximum fee charged per quarter per account is \$62.50.

## **E. Additional Fee Information**

### **1. The Program Fee**

You pay an asset-based fee to participate in the Program (the “Program Fee”). The applicable Program Fee depends on the product you have selected and is described above in Section D. The Program Fee is a bundled fee, which generally covers program administration services provided by Lockwood, custody and clearing of transactions by Lockwood’s affiliate, Pershing, administrative services provided by the Firm, if applicable, and the discretionary asset management services provided by the Portfolio Managers, including Lockwood when acting as a discretionary manager. There may, however, be additional charges such as wire transfer fees or commissions for trades not executed by Pershing. The Program Fee does not cover trades executed by broker-dealers other than Pershing. The Program Fee is separate from the fee charged by the Consultant. These services may cost you more or less than purchasing similar services separately, assuming the services could be purchased directly from the various providers thereof. The Program is available only for a fee that is based upon a percentage of assets under management.

In evaluating a wrap program, Clients should consider a number of factors. A Client may be able to obtain some or all of the services available through a particular wrap fee program on an “unbundled” basis through the program sponsor or through other firms and, depending on the circumstances, the aggregate of any separately paid fees may be lower (or higher) than the single, all-inclusive fee charged in the wrap fee program. Payment of an asset-based fee may or may not produce accounting, bookkeeping or income tax results that differ from those resulting from the separate payment of (i) securities commissions and other execution costs on a trade-by-trade basis and (ii) advisory fees. Any securities or other assets used to establish a wrap fee program account may be sold, and the Client will be responsible for payment of any taxes due. Lockwood recommends that each Client consult with his or her tax adviser or accountant regarding the tax treatment of wrap fee program accounts.

### **2. Modification of Fee Schedules**

Lockwood reserves the right, in its sole discretion, to negotiate or modify (either up or down) the basic fee schedule(s) set forth herein for any Client due to a variety of factors, including but not

limited to: the level of reporting and administrative operations required to service an account, the investment strategy or style, the number of portfolios or accounts involved, and/or the number and types of services provided to the Client. Because Lockwood's fees are negotiable, the actual fee paid by any Client or group of Clients may be different from the fees reflected in Lockwood's basic fee schedule(s) set forth herein.

### 3. Householding

If you have more than one account in the Program, your accounts may be "household" for purposes of calculating the fee. A "household" is generally a group of accounts having the same address of record or same Social Security number, subject to certain rules. Individual retirement accounts ("IRAs"), SIMPLE IRAs and other personal retirement accounts generally may be combined for householding purposes; however, other retirement plan accounts subject to ERISA and charitable remainder trusts may not be included. The accounts that may be householded are subject to Lockwood's approval. Lockwood calculates a household fee by totaling the market value of all the accounts in the household and charging the accounts according to the applicable fee schedule. The fee for each householded account is allocated on a pro-rata basis to each account. Each account's pro-rata amount is calculated by computing the market value of each account as a percentage of the total market value of all accounts in the household.

### 4. Delegation of Services

As discussed in Section A of this Item 4, Lockwood has delegated certain administrative services to Managed Investments. As such, Lockwood pays a portion of its fee to Managed Investments.

### 5. Inception and Post-Inception Billing

At inception, fees are billed in advance from the date the account is opened through the end of that calendar quarter. Thereafter, fees are billed in advance for the next calendar quarter based on the value of the assets at the end of the prior calendar quarter. Unless you instruct otherwise, Lockwood generally debits your account for the fees charged by Lockwood, its clearing agent, the selected Portfolio Manager(s), Sub-Adviser(s) (with respect to LIS) or Third Party Model Providers(s) (with respect to the Third Party Model Providers Program) and the Consultant and remits the fees to the respective parties accordingly. Lockwood does not make fee adjustments for deposits or withdrawals made during a calendar quarter in accounts in the program.

### 6. Account Termination

You may terminate your account agreement, without penalty, within five (5) days of Lockwood's execution of the investment advisory agreement. Thereafter, you may terminate the account at any time in which case fees will be prorated from the start of the current billing period through the termination date. Lockwood may charge a termination fee of \$300.00 for a termination occurring during the first year after an account is opened. Because Lockwood typically charges its fee quarterly in advance based on the assets as of the close of business at the end of the prior quarter, the daily proration upon termination after the first year may result in a rebate of the unused portion of the quarterly fee.

Lockwood may, at its sole discretion, terminate your account as long as Lockwood notifies you in advance, subject to the terms of your agreement with Lockwood. After such termination, Lockwood shall not have any authority over, or responsibility for, investments held in the account, and Lockwood shall not be liable to you for any loss incurred by you.

#### 7. Clearing and Custody Fee

Pershing provides clearing services to the Broker with respect to the Program. Pershing may also provide clearing and related services to the Broker for accounts not in the Program, subject to a separately negotiated clearing agreement and fee schedule.

#### 8. Consultant Fee

Generally, Consultants charge advisory fees for their services, which will vary from Consultant to Consultant, depending on various factors, including the size of your account relationship and the consulting services provided to you. Consultants may combine their fee with the other fees described above in an all-inclusive manner for presentation purposes. Alternatively, your Consultant may charge its fee separately from the services described herein, and this fee may be higher or lower than the all-inclusive fee depending on each Consultant and your relationship and the level of consulting services provided to you. The amount of the Consultant's fee may be more than what the Consultant would receive if you participated in other programs or paid separately for investment advice, brokerage and other services.

Lockwood recommends, and certain state laws require, that you sign a separate contract with your Consultant relating to the Consultant's fee.

#### 9. Other Costs

In addition to the aforementioned, there may be other costs assessed which are not included in a variable rate bundled or wrap fee arrangement, such as, fees, expenses and charges levied by mutual funds, ETFs, money market funds, costs associated with the purchase and sale of certain mutual funds and other similar securities held in your account, dealer mark-ups, odd-lot differentials, exchange or auction fees, transfer taxes, costs for transactions executed other than at Pershing, any fees imposed by the SEC, electronic fund and wire transfers, costs associated with temporary investment of your funds in a cash management account, trust services charges, and other charges mandated by law. Further, interest will normally be charged on a negative balance in your account. If Pershing has custody of the assets, it will credit interest and dividends to the account.

#### 10. Fees Related to International Investment Styles

Certain Portfolio Managers which offer international investment styles may purchase securities on foreign exchanges (known as "Ordinaries"), which may be held in your account as Ordinaries or may be converted to American Depositary Receipts ("ADRs") prior to being added to your account. You may be charged certain hard dollar fees associated with executing in local foreign markets. These fees typically include, but are not limited to, brokerage expenses, local market execution fees and taxes, exchange-specific taxes/stamp fees, duties/levies, ADR conversion fees, and/or additional settlement and custody charges. Pershing may assess a fee for such transactions.

Certain non-U.S. jurisdictions may impose taxes on securities transactions. As an example, France has imposed a tax on transactions in eligible French equity securities, which includes Ordinaries and ADRs or similar securities representing French equity securities. As of December 1, 2012, the French tax rate was 0.2% of the market value of the trade. If you own an investment style containing any securities subject to such a tax, such as eligible French equity securities, your account will be assessed this tax, which will be remitted to the government of the applicable non-U.S. jurisdiction.

Pershing may use a third-party or an affiliated broker-dealer licensed in Canada, which entity may be paid certain execution fees.

## **11. Sweep Options**

You may choose from a selection of money market funds or other short-term cash vehicles (“Sweep Options”) that are available through your Broker for non-IRA or non-ERISA accounts for investment of any cash held overnight in a brokerage account at your Broker. The universe of Sweep Options made available to you is in the sole discretion of your Broker, except where PAS is the Broker. With respect to IRA and ERISA accounts in the Program, funds are swept into the Federated Master Trust or the Pershing Government Account. These money market funds are fully described in each fund’s prospectus, which you should review in detail. You will receive the prospectus for the money market fund when you open your account and it will contain a complete description of any relevant fees and/or expenses.

In utilizing money market or other funds, Pershing may receive a benefit from its possession and temporary investment of cash balances in your accounts prior to investment, whether in a sweep arrangement or otherwise. Pershing may be paid certain fees relating to these money market funds, such as networking or 12b-1 fees.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, unless disclosed otherwise in the prospectus. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in money market funds.

Where PAS is the Broker, the Sweep Options available to you will include some investment vehicles where an affiliate of Lockwood is the investment manager. You have the option of selecting a Lockwood-affiliated fund or another fund.

## **F. Class Actions and Other Litigation**

It is Lockwood’s policy that it does not advise, initiate or take any other action on your behalf relating to securities held in your account managed by Lockwood in any legal proceeding (including, without limitation, class actions, class action settlements and bankruptcies). Lockwood does not file proofs of claim relating to securities held in your account and does not notify you or your custodian of class action settlements or bankruptcies relating in any way to such account. You should consult with the custodian, Pershing, and other service providers to ensure such coverage.

#### **G. Review of Consultant Fees Exceeding 2% and Total Fees Exceeding 3%**

Lockwood carefully reviews fees in order to comply with the SEC staff's position regarding investment advisory fees. See SEC reply to No-Action Request, John G. Kinnard & Co. Inc. (October 30, 1973) and SEC reply to No-Action Request, Consultant Publications, Inc., (December 30, 1974). Lockwood has implemented a procedure to identify individual Consultant fees that exceed 2% and total fees that exceed 3%. If there are any exceptions, Lockwood will request additional information from the Consultant and the Firm.

#### **H. Mutual Fund Surcharges**

If your account holds mutual funds, your account may be charged a \$10.00 surcharge by the custodian for each purchase and sale transaction in the mutual funds of certain mutual fund families ("Mutual Fund Surcharge"). The Mutual Fund Surcharge is in addition to the Program Fee (and the Strategist Fee for the Third Party Model Providers program) and will be listed on your custodial statement.

#### **I. Fees Not Included in the Program Fee**

There may be other costs assessed which are not included in the Program Fee, such as fees, expenses and charges levied by mutual funds, ETFs and money market funds. As described in Section D5 above, certain model providers in the Third Party Model Providers program may assess a Strategist Fee. In addition, there may be fees charged by the custodian that are not included in your Asset Based Fee or Program Fee, such as costs associated with the purchase and sale of certain mutual funds and other similar securities held in your account, dealer mark-ups, mark-downs, odd-lot differentials, exchange or auction fees, transfer taxes, costs for transactions executed other than at the custodian, any fees imposed by the SEC, electronic fund and wire transfer fees, costs associated with temporary investment of your funds in a cash management account, trust services charges, annual IRA custodial fees, IRA termination fees, custodial fees for prototype pension and profit sharing plans and Keoghs, custodial fees associated with special circumstances or events, such as transfer on death, returned check fees and other charges mandated by law. Further, interest will normally be charged on a negative balance in your account. If Pershing has custody of the assets, it will credit interest and dividends to the account. Please review your investment advisory agreement for further information on how Lockwood charges and collects fees.

Lockwood does not charge or receive compensation in connection with the sale of securities, mutual funds or other investment products. However, certain of our affiliates may accept compensation (also referred to as "commissions") for the sale of securities, mutual funds or other investment products. Accepting commissions for the sale of securities, mutual funds or other investment products gives rise to a conflict of interest in that it may give an incentive to recommend investment products based on the compensation our affiliates may receive, rather than solely on a Client's needs. Lockwood addresses this conflict of interest by structuring the wrap fee programs its sponsors so that fees are based on assets under management, rather than transactions. The unaffiliated Portfolio Managers participating in this program, however, may independently direct trades to an affiliate of Lockwood whereby such affiliate receives commissions. Please refer to the Manager Brochure for information about your Portfolio Manager's brokerage practices.

Clients typically incur fewer additional costs whenever Pershing executes transactions in the Program because you do not pay a separate commission when Pershing executes your trade orders and because you generally incur commissions or other additional trading costs if trade orders are executed by another broker-dealer. For this reason, the Portfolio Manager you have selected may determine that placing your trade orders with Pershing is in your best interest. Your Portfolio Manager may, however, place your trade orders with a broker-dealer firm other than Pershing if your Portfolio Manager believes that it is necessary to do so to satisfy its obligation to obtain best execution on your behalf. This is frequently referred to as “trading away” or “step out trades”. In some instances, step out trades are executed without any additional commission, mark-up, or mark-down, but in other instances, the executing broker-dealer may impose a commission or a mark-up or mark-down on the trade that will result in additional trading costs to you. You should review the Form ADV Part 2A Brochure of the Portfolio Manager you have selected for more information regarding that Portfolio Manager’s trading practices and consider the additional expense that you may incur.

## **Item 5 Account Requirements and Types of Clients**

### **A. Types of Clients**

Lockwood’s clients are the Firms, as described in Item 4 of this Brochure, whose investor clients may consist of individuals, banks or thrift institutions, corporations, pension and profit sharing plans, endowments or business entities.

### **B. General Requirements**

#### **1. Firm/Consultant Requirement**

Lockwood's services in the Program are offered to investors only through Firms. These Firms or their Consultants consult with you and provide advice to you. Consultants are not employees of Lockwood, but are independent or employed by Firms typically not affiliated with Lockwood.

#### **2. Client Process and Document Requirements**

Generally, you should have a written agreement with your Firm and/or Consultant. You will also open a brokerage account with your Firm. The Consultant collects financial and background information from you, and assists you in identifying your investment objectives. The Consultant recommends strategies that are designed to meet those objectives. The Consultant also assists you in selecting one or more suitable Portfolio Managers from among those available in the Program. Your Consultant is your primary contact and he or she will report to you regularly.

There are documents and agreements that are required to open accounts at Lockwood. The Consultant will assist you in completing them. Completed account documents are forwarded to Lockwood by the Consultant. Once an account has been managed by a Portfolio Manager, Lockwood provides investment performance reports to the Consultant who may review them with you.

### 3. Investment Styles with Additional Requirements

#### a. Styles Using Investment Options

If you select an investment style in which the Portfolio Manager uses investment options you will be required to agree to specific, additional terms related to options transactions, as fully described in the applicable Options Agreement, which you will enter into with PAS.

You should review the Manager Brochure relating to strategies using investment options.

#### b. SMA Investment Styles Using Proprietary Mutual Funds

Certain Portfolio Managers may invest all or a portion of the assets in a proprietary mutual fund designed to be used within the wrap account. Such mutual funds may impose additional restrictions such as restrictions on investing in the mutual fund outside of the wrap account managed by the Portfolio Manager. Please refer to the mutual fund's prospectus for more information about additional restrictions, any operational differences and risks associated with the mutual fund.

### 4. Requirements for Investment Restrictions

You may put reasonable restrictions on the types of securities to be bought and sold in your account. However, the Portfolio Manager may determine that it cannot accept your requested restriction, in its sole discretion.

### 5. Unfunded Account Termination

*If your account has a zero balance for more than six months, Lockwood will terminate your advisory account in our systems. Your underlying brokerage account, however, will remain open, unless terminated by the custodian (Pershing). Once an advisory account has been terminated, funding of the account at Pershing will no longer be recognized by Lockwood. Lockwood will not be held responsible for account trading delays that may result. Further, Lockwood will not provide any communications to you or your Consultant regarding terminated advisory accounts. It is recommended that if you have a terminated account, you contact your Consultant to terminate the account at Pershing. You should notify your Consultant if you wish to keep an account open for future funding. If you wish to reopen a terminated advisory account, you should contact your Consultant. New account paperwork may be required and other procedures for reactivating the account must be followed.*

### 6. Collateral Accounts

If an account is pledged as collateral for a loan and if the lender has initiated a liquidation of securities in the account pursuant to the terms of the collateral agreement, your account may not be invested in accordance with the model portfolio and/or your investment objective for a period of time.

### 7. U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") Sanctions Program

In compliance with the OFAC sanctions program, Lockwood or its designee will check to verify that your name does not appear on OFAC's "Specifically Designated Nationals and Blocked Persons" List ("SDN List"). Your name will also be checked to verify that you are not from, or engaging in transactions with people or entities from, embargoed countries and regions published on the OFAC Web Site. Lockwood or its agent may access these lists through various software programs to conduct these searches in a timely and accurate manner. Lockwood or its designee will also review existing accounts against these lists when they are updated.

In the event Lockwood or its designee determines a Client, or someone with or for whom the Client is transacting, is on the SDN List, or is from or engaging in transactions with a person or entity located in an embargoed country or region, Lockwood will immediately contact Lockwood's Anti-Money Laundering and OFAC compliance group to determine the proper course of action, which may include: rejecting the transaction and/or blocking the Client's assets, and; filing a blocked assets and/or rejected transaction form with OFAC.

### **C. Account Minimum Requirements**

#### **1. SMA Account Minimum Requirements**

Lockwood, as sponsor of the Program, does not require a minimum account size for SMAs. However, each Portfolio Manager, including Lockwood, sets its own account minimums. Most Portfolio Managers in the Program will not accept accounts with less than \$100,000. Please refer to Exhibit A to view the individual account minimums for each Portfolio Manager.

For the Investment Strategy Portfolios, the minimum initial investment to follow these suggested separate account Portfolio Manager mixes is \$1,000,000.

#### **2. Lockwood Managed Programs: Account Minimums and Requirements**

The account size minimums for the products LIS, LAAP and AFP are shown in the following table. Lockwood may waive the account minimum, in its sole discretion.

<b><u>Program Name</u></b>	<b><u>Account Opening Minimum</u></b>	<b><u>Subsequent Contribution</u></b>
LIS	\$250,000	\$2,500
LAAP	\$50,000	\$1,000
AFP	\$50,000	\$1,000

For the Third Party Model Providers Models, each Model has its own account minimums. Please refer to Exhibit B to view the individual account minimums for each Model.

You may fund your accounts with cash equivalents or shares of investment selections included within the applicable program. In the case of LIS, you may be able to fund your account with some shares of investment selections not included within the program, at Lockwood's sole discretion.



If your account falls below the required minimum, Lockwood will notify your Consultant that you need to bring your account to the minimum requirement or your account will become unmanaged in 30 days.

## **Item 6 Portfolio Manager Selection and Evaluation**

### **A. Portfolio Manager and Model Selection by You and Your Consultant**

BNY Mellon has established a Manager Research Group, which provides manager research across the BNY Mellon enterprise and will be the primary manager research provider to Lockwood. The Manager Research Group will apply the criteria described below and will provide manager and investment vehicle research to Lockwood. Lockwood will retain decision-making responsibility regarding managers and investment vehicles included in the Program.

In the Program, neither Lockwood nor PAS makes any representation as to whether Portfolio Managers in the Program or Models are suitable for you. You and your Consultant are responsible for the determination of your asset allocation, investment objectives, risk tolerance and time horizon. In all cases, the Consultant and Consultant's Firm are responsible for all applicable aspects of suitability with respect to you and your account.

The decision to select a Portfolio Manager or Model is solely yours, with the advice of your Consultant. Lockwood will not recommend Portfolio Managers or Models to you and is not responsible for your choice of Portfolio Manager or Model. In all instances, however, Lockwood retains the right to add a Portfolio Manager or Third Party Model Provider or to terminate its contract with any Portfolio Manager or Third Party Model Provider, in Lockwood's sole discretion.

The Portfolio Manager, which you select to manage the account, will provide discretionary investment advisory services and is responsible for all investment decisions in your account. You authorize the Portfolio Manager you select to manage the assets on a discretionary basis by purchasing and/or selling individual stocks, bonds, money market instruments, money market funds, or other instruments as, and when, the Portfolio Manager sees fit, without your approval of each transaction. In managing the account, the Portfolio Manager will employ various investment strategies as described in the Portfolio Manager's Brochure, and any other material the Portfolio Manager may provide to you. Portfolio Managers are not authorized to withdraw or transfer any money, securities, or property either in your name or otherwise, except as necessary to pay for or execute transactions in the account.

It should be noted that each Portfolio Manager employs its own timeframe for investing funds, once Lockwood has turned over new assets to a Portfolio Manager. You and your Consultant should consult each Portfolio Manager's Brochure to determine the Portfolio Manager's specific procedures. Lockwood is not responsible for any adverse effect caused by a Portfolio Manager's failure to invest your funds on a timely basis.

## **B. Lockwood as Sponsor**

Lockwood evaluates Portfolio Managers and Third Party Model Providers in the Managed360 Program. Lockwood may work with the Manager Research Group of its affiliate, BNY Mellon to review and research Portfolio Managers.

The Managed360 Program is an open architecture wrap program which allows the Client and the Client's financial consultant to select the Portfolio Managers and/or Third Party Model Providers which they believe are appropriate for the Client. In this program, Lockwood, as sponsor, conducts an initial baseline due diligence involving a variety of criteria, such as, but not limited to, reviews of assets under management, personnel, registration, disclosures and regulatory history of each Portfolio Manager and Third Party Model Providers offered in the program, as well as conducting on-going reviews. Portfolio Managers and Third Party Model Providers are approved by Lockwood's Investment Committee prior to inclusion in the Managed360 Program.

Lockwood may also provide its clients with a list of research covered Portfolio Managers ("Covered Managers"). Covered Managers undergo an additional analysis, typically conducted by the BNY Mellon Manager Research Group, which includes a review of a range of quantitative criteria (relating to performance and portfolio reviews) and qualitative criteria (relating to such items as the investment team, philosophy, process, and implementation).. The criteria employed for each Covered Manager may not be identical and instead, is typically based on the nature of the Portfolio Manager's portfolios and investment philosophy.

In addition, Lockwood may, as an accommodation, permit certain additional Portfolio Managers to be accessible to Clients. Lockwood is not responsible for conducting initial or ongoing due diligence or determining the suitability of these Portfolio Managers, rather, the Client and the Client's financial adviser assume these responsibilities. Lockwood may, in its sole discretion, conduct initial and on-going due diligence of such Portfolio Managers.

Lockwood makes no representation as to whether Portfolio Managers or Models Providers are suitable for you. The Client and the Client's Consultant and Firm are responsible for determining the Client's asset allocation, investment objectives, risk tolerance and time horizon. You should understand the level of diligence which is performed on the Portfolio Managers or Third Party Model Providers in the Program.

In all cases, the Portfolio Manager selected has discretion over the Client's assets. Lockwood retains the ability to hire and fire any Portfolio Manager or Third Party Model Providers, at any time in Lockwood's sole discretion.

### **C. Lockwood as Money Manager**

In Lockwood's role as the money manager for its proprietary products (LIS, LAAP, AFP and the Third Party Model Providers Program, as each is described herein) and for other products offered in co-sponsored programs (mutual fund wrap, UMA), Lockwood, through the BNY Mellon Manager Research Group, evaluates Portfolio Managers as subadvisors in a UMA; pooled investment vehicles such as mutual funds and ETFs and other investment vehicles for inclusion in these managed products. Lockwood works with its affiliate, BNY Mellon, to identify, evaluate and implement these products, as well as in the on-going maintenance of these products.

With respect to mutual funds, Lockwood, through the BNY Mellon Manager Research Group, uses a screening process to evaluate mutual funds. The criteria employed in the screening may vary depending on a variety of factors, but can include a range of criteria including analysis of the particular investment style, evaluation of the portfolio management team, performance criteria, costs associated with the fund, to name a few. With respect to ETFs, Lockwood, through the BNY Mellon Manager Research Group, uses a comparable screening process where the factors considered include, but are not limited to, the tracked index or benchmark, performance, comparables, personnel and content of the particular ETF.

In each case, the inclusion of these various investment vehicles in a managed product is reviewed and approved by Lockwood's Investment Committee. Similarly, Lockwood may replace any of these investment vehicles, at its discretion, at any time.

### **D. Portfolio Manager or Third Party Model Providers Termination from SMA Program and Third Party Model Providers Models Program.**

If Lockwood removes a Portfolio Manager or Third Party Model Provider from the Program, or the agreement between a Portfolio Manager or Third Party Model Provider and Lockwood is terminated, that Portfolio Manager or Third Party Model Provider will not be available in the Program. In the event of such a termination, Lockwood will notify the Consultants of all affected Clients as soon as practicable. The Consultant will advise you on whether to select a new Portfolio Manager or Model that is available through the Program or take any other action. For more information regarding

To be eligible for participation in the Managed360 Program, your account must be managed by a Portfolio Manager available in the Program. If you do not select a new Portfolio Manager in the event of a Portfolio Manager termination, Lockwood and/or Broker reserves the right to take any action necessary with respect to your account(s) that have been unmanaged for more than sixty (60) days, including, but not limited to, terminating its investment advisory agreement with you, instructing the Broker to liquidate the assets and send you a check for the current account value or moving the assets to an outside account. Lockwood will not, under any circumstances, be responsible or liable for accounts which become unmanaged and which are not immediately invested with an alternate Portfolio Manager or pursuant to an alternate Model. You and your

Consultant are responsible for accounts that are unmanaged due to Portfolio termination. Broker may take any other action available in accordance with its brokerage agreement.

With respect to Third Party Model Providers program, Lockwood retains the authority to terminate or change Third Party Model Providers when circumstances are such that Lockwood believes termination or change is generally beneficial. Lockwood notifies the applicable Firms and Consultants about the termination and replacement of Third Party Model Providers and Models and the Consultants, in turn, are responsible for advising you about these changes to the Program. The replacement process may differ by Firm.

## **E. Performance Standards**

Lockwood and/or the BNY Mellon Manager Research Group may obtain investment performance information from the Portfolio Managers. Individual Portfolio Managers use various methods of calculating performance. Many Portfolio Managers adhere to specific performance calculation standards and every attempt is made to obtain performance information, which is calculated according to a uniform and consistent basis. In some cases, however, the information provided by Portfolio Managers may not be calculated on a uniform and consistent basis.

### **1. Risks of Reported Performance**

When evaluating performance, Lockwood believes you should consider the risks inherent with investing in any one asset class or style.

Your individual returns will be reduced by advisory and program fees. Because fees are deducted periodically, the compounding effect will be to increase the impact of fee deductions by an amount directly related to the gross account performance. For example, on an account with an 8.6% gross annual rate of return and a 3% annual fee deducted quarterly (.75%); the compounding effect of the fees would result in a net annual rate of return of 5.5%. Actual results will vary from this example.

The performance data you will receive represents past performance and does not guarantee future results. Actual account performance may be lower or higher than the generic performance data reported in marketing material. The investment return and principal value of an investment will fluctuate, so that your shares, when redeemed, may be worth more or less than their original cost.

Lockwood does not provide performance reports or calculations on non-U.S. securities or non-U.S. currencies.

### **2. Lockwood's Review of Performance Information**

Lockwood does not perform a review of the Portfolio Managers' performance as part of the initial baseline review of Portfolio Managers offered in the. However, Lockwood does perform a review of the Portfolio Managers' stated composite disclosure as it relates to the performance provided by the Portfolio Manager through Morningstar as part of the initial baseline review. A performance review for Covered Managers is conducted by the Manager Research Group. In addition to the initial review, on an annual basis, if a Covered Manager calculates a composite return and makes it available for presentation to Clients, Lockwood or members of the Manager Research Group will compare the Covered Manager's self-reported, composite performance to the composite

performance Lockwood calculated based on Lockwood accounts managed by that Covered Manager. Lockwood performs this comparison as a reasonableness check as part of its ongoing monitoring process for U.S.-based Covered Managers only. Lockwood cannot guarantee the accuracy of the Covered Managers' composite performance.

### 3. Proprietary Portfolio Managers' Performance

There may be Portfolio Managers included on the platform, which are Lockwood entities, affiliates of Lockwood or related parties to Lockwood. As of the date of this Brochure, there were no affiliated Portfolio Managers available on the Program, except that Lockwood is Portfolio Manager of LIS, LAAP, AFP and for the Third Party Model Providers Program.

### 4. Composite Performance - LIS and LAAP

For LIS and LAAP, a composite is created after five accounts have been managed in that style for a specified time period. Lockwood calculates performance each time there is an asset or cash flow of 10% or greater and at each month end. Lockwood calculates performance on a total return basis, which includes realized gains, unrealized gains, and interest and dividend income. Cash is included in the calculation. Accrual accounting is used to recognize interest and dividend income. Cash flows are accounted for by the date they are received, and portfolios are revalued if assets change by more than 10%. Individual account returns are time-weighted. Lockwood annualizes returns for periods greater than one year.

### 5. Model Performance – AFP and Third Party Model Providers Program

The performance data provided in AFP and certain Third Party Model Providers is based on the performance of a model portfolio. Model performance has inherent limitations and does not represent the results of actual trading of your assets. Returns assume the portfolio is rebalanced monthly. For AFP, returns are based upon the primary investment selections for each model. Performance is calculated using a time-weighted rate of return, and returns for periods of one year or longer are annualized.

The model performance represents historical gross performance with no deduction for advisory fees (which include program fees, consultant fees and other applicable fees); assumes reinvestment of dividends, capital gains and any other earnings; and is net of transaction costs. Returns of the underlying funds within each model are based on changes in net asset value and are net of fund expenses, including management fees and any transaction costs incurred by the fund.

It is important to note that the performance of your portfolio will not necessarily match the performance of the model portfolio due to differences in the weightings of the individual holdings, security substitutions, and the effects of periodic rebalancing. In addition, these model results do not take into account timing differences between the model selections and the purchases or sales that were or would have been made based on those selections by you. Due to the range of investment vehicle selections in AFP, your account's performance may differ substantially from AFP's model performance.

## **F. Potential Conflicts of Interest Relating to Lockwood Managed Accounts**

Lockwood's use of the BNY Mellon Manager Research Group creates a potential conflict of interest, particularly as it relates to Portfolio Managers owned by BNY Mellon. There may be instances where Lockwood and the Manager Research Group provide different advice depending upon the types of clients involved, the type of product involved and/or other factors, which may lead to different results. Because Lockwood acts as both sponsor and Portfolio Manager in LIS, LAAP and AFP (collectively, the "Managed Products"), there is the potential for a conflict of interest. Lockwood relies on you and your Consultant to make the decisions as to which Portfolio Manager to use in your account. By removing itself from the decision process, Lockwood averts a potential conflict of interest as to whether the Client selects Lockwood or an independent Portfolio Manager. As a subsidiary of BNY Mellon, Lockwood has a substantial number of investment advisory affiliates. Sub-Advisers that are investment management affiliates of BNY Mellon and/or investment vehicles that are managed by investment management affiliates of BNY Mellon may be used in the construction of the Managed Products' portfolios. When Lockwood serves as Portfolio Manager, Lockwood does not purchase securities issued by BNY Mellon.

Lockwood's broker-affiliates, including Pershing and Pershing Advisor Solutions ("PAS"), may receive fees from certain mutual fund families whose funds are used in proprietary managed programs. In addition, one or more Lockwood affiliates may be a service provider, such as a trustee or administrator to a mutual fund or ETF used in the Managed Products, and they may receive a fee from the mutual fund or ETF for performing such service.

Certain employees of Lockwood or its affiliates may be invested in the Managed Products. Lockwood monitors security ownership by its employees according to a personal trading policy, which is incorporated in the Lockwood Compliance Manual and Code of Ethics, which are described in Item 9.

Lockwood and its affiliates perform investment advisory services for various Clients. Lockwood may give advice and take action in the performance of its duties with respect to any of its other Clients, which may differ from the advice given, or the timing or nature of action taken, with respect another Client. Lockwood has no obligation to purchase or sell for a Client any security or other property, which it purchases or sells for its own account or for the account of any other Client, if it is undesirable or impractical to take such action. Lockwood may give advice or take action in the performance of its duties with respect to any of its Clients, which may differ from the advice given, or the timing or nature of action taken by our affiliates on behalf of its Clients.

In addition, Lockwood or an affiliate may cause multiple accounts to invest in the same investment. Such accounts may have conflicting interests and objectives in connection with such investment, including differing views on the operations or activities of the portfolio company, the targeted returns for the transaction and the timeframe for and method of exiting the investment. Conflicts may also arise in cases where multiple Lockwood and/or affiliate client accounts are invested in different parts of an issuer's capital structure. For example, one of Lockwood's Client accounts could acquire debt obligations of a company while an affiliate's client account acquires an equity investment. In negotiating the terms and conditions of any such investments, Lockwood may find that the interests of the debt-holding client accounts and the equity holding client accounts may conflict. If that issuer encounters financial problems, decisions over the terms of the workout could

raise conflicts of interest (including, for example, conflicts over proposed waivers and amendments to debt covenants). For example, debt holding accounts may be better served by a liquidation of an issuer in which it could be paid in full, while equity holding accounts might prefer a reorganization of the issuer that would have the potential to retain value for the equity holders. As another example, holders of an issuer's senior securities may be able to act to direct cash flows away from junior security holders, and both the junior and senior security holders may be Lockwood Client accounts. If Lockwood becomes aware of a situation involving any of the foregoing conflicts of interest, it will be discussed and resolved on a case-by-case basis by the Lockwood Investment Committee. Any such discussions will factor in the interests of the relevant parties and applicable laws.

Please refer to Item 9, *Financial Industry Affiliations* for more information about potential conflicts of interest.

**G. Lockwood as Portfolio Manager: Methods of Analysis, Investment Strategies and Risk of Loss**

Lockwood acts as a manager with respect to AFP, LIS, LAAP and the Third Party Model Providers program which are available in the Program, and are described below.

1. Asset Classes.

A description of each asset class used in AFP, LIS and LAAP and the Third Party Model Providers program is provided below. It is important to remember that there are risks inherent in any investment, including the loss of principal, which you must be prepared to bear. There is no assurance that any asset class or index, or a diversified mix of assets will provide positive performance over time. Asset classes and/or other investment strategies not included in AFP, LIS, LAAP and the Third Party Model Providers program may exhibit similar or superior characteristics and performance than those that are included. The risks associated with certain investment vehicles are described in Exhibit C.

a. Fixed Income Securities

*U.S. short-term fixed income:* Seeks to provide a more conservative duration positioning relative to the broad U.S. fixed income market.

*U.S. inflation-protected securities:* Seeks to provide exposure to U.S. Treasury Inflation-Protected Securities (TIPS). This allocation is intended to provide a hedge against U.S. inflation.

*U.S. intermediate-term fixed income:* Seeks to provide exposure to intermediate-term government, corporate and mortgage- and asset-backed fixed income securities. This allocation is intended to provide diversification of income through a broad exposure to the U.S. fixed income universe.

*U.S. long-term fixed income:* Seeks to provide exposure to long-term government and corporate fixed income securities. This allocation is intended to capture incremental yield due to a term premium.

*U.S. high-yield fixed income:* Seeks to provide exposure to U.S. high-yield or non-investment-grade fixed income. This allocation is intended to generate income through investments in U.S. high-yield bonds, while also serving as a substitute for U.S. small-cap equities.

*Global/international fixed income:* Seeks to provide exposure to and diversification through non-U.S. yield curves and currencies.

*Floating rate income:* Seeks to provide exposure to privately structured senior-secured corporate debt obligations with adjustable interest rates. This allocation is intended to generate incremental yield, hedge against rising U.S. interest rates and provide selective credit opportunities.

*Opportunistic Bond:* Seeks to provide exposure to active managers focused on less traditional segments of fixed income markets, generally in a less constrained manner. This allocation is intended to provide diversification of income through a broad exposure to the U.S. fixed income universe.

#### b. Equity Securities

*U.S. large-cap equity:* Seeks to provide exposure to the equities of U.S. large capitalization companies. This allocation focuses on strategies that seek to generate income through investing primarily in U.S. companies that have historically provided above average dividend yields.

*International equity:* Seeks to provide exposure to the equities of non-U.S. developed market companies. This allocation focuses on investments that seek to generate income through investing primarily in non-U.S. companies that have historically provided above-average dividend yields.

*U.S. mid-cap equity:* Seeks to provide to the equities of U.S. mid capitalization companies. This allocation is used for its above-average long-term cumulative risk/return potential.

*U.S. small-cap equity:* Seeks to provide exposure to the equities of U.S. small capitalization companies. This allocation is used for its above-average long-term cumulative risk/return potential.

*U.S. large-cap non-traditional:* Seeks to provide exposure to a strategy that seeks to reduce the volatility typically associated with equities of U.S. large capitalization companies under certain market conditions, as well as to provide income through call option premiums. This allocation is intended to provide a partial hedge through the sale of call options on the underlying stock holdings and the purchase of index put options.

*U.S. micro-cap equity:* Seeks to provide exposure to the equities of U.S. micro capitalization companies. This allocation is used for its above-average, long-term cumulative risk/return potential.

*International small-cap equity:* Seeks to provide exposure to the equities of non-U.S. developed market small-cap companies. This allocation is intended to provide long-term capital appreciation, as well as diversification through investments in companies outside of the United States.



*Emerging markets:* Seeks to provide exposure to the equities of non-U.S. emerging markets companies. This allocation is used for its above-average long-term cumulative risk/return potential.

*Global thematic:* Seeks to provide exposure to equities of global companies that concentrate on specific themes. This allocation seeks to take advantage of investment opportunities as a result of macro-economic developments.

*Commodities:* Seeks to provide exposure to commodities, including agricultural, energy and metals. This allocation is used to provide diversification, as well as a potential hedge against future inflation.

*Real Estate Investment Trusts (“REITs”):* Lockwood may have an allocation to REITs and if so, it generally employs a passive approach in its allocation to REITs. The asset class is represented by the NAREIT-Equity Index, which has had a low correlation to the stock and bond markets. Lockwood may make an allocation to REITs in an effort to lessen overall portfolio volatility and provide income via its dividend yield.

*Global defensive sectors:* Seeks to provide exposure to U.S. and non-U.S. economic sectors. In the Preservation strategy models, sector allocations may be used for the defensive nature of certain economic sectors, such as Consumer Staples, Health Care and Utilities. These sectors, at times, have historically experienced lower declines than the overall market. This allocation may include vehicles that invest in U.S. companies, as well as abroad.

*Alternatives:* Seeks to provide exposure to strategies used primarily for their low correlation to more traditional equity and fixed income asset classes, and thus seeks to reduce overall volatility. The AFP Preservation Strategy models may include managed futures, currency carry, merger arbitrage, convertible arbitrage, long /short equity, fixed income and commodities, and multi-strategy funds.

c. Gold Bullion

Lockwood may have an allocation to Gold through an ETF designed to mirror as closely as possible the performance of the price of Gold. Lockwood may make an allocation to Gold to seek to offset volatility in the traditional equity and fixed income asset classes.

2. Lockwood AdvisorFlex Portfolios

Lockwood acts as a Portfolio Manager for AFP which is a managed account product available in the Program. Lockwood is both the sponsor of the Program and the Portfolio Manager of the AFP product.

The AFP product includes three, objectives-based strategies (Appreciation, Income and Preservation), with multiple Models within each strategy, as described below. A description of each asset class used in one or more of each of the Models is provided below.

a. Appreciation Strategy

Lockwood designed the Appreciation Strategy to seek to provide:

the long-term level of returns associated with equity and fixed income asset classes; and above average, risk-adjusted levels of appreciation.

There are six (6) Appreciation Strategy models, each representing various levels of expected risk and return. Model I is the most conservative model and Model VI is the most aggressive. In each underlying Appreciation Strategy model, Lockwood seeks to achieve its objective through tilts toward asset classes with above-average cumulative return potential, as well as asset classes that pay a premium to investors with a long-term time horizon.

The six (6) Appreciation Strategy models hold investment vehicles, including mutual funds, ETFs and/or ETNs, which offer exposure to broad asset classes, such as stocks and bonds. Each asset class is intended to contribute to the overall investment objective of the respective models.

Although Lockwood designed the Appreciation Strategy to seek to provide risk-adjusted levels of appreciation, there is no guarantee that the value of your investment will appreciate.

The asset mix of the respective models may include:

- U.S. short-term fixed income
- U.S. inflation-protected securities
- U.S. intermediate-term fixed income
- Global/international fixed income
- Floating rate income
- U.S. large-cap equity
- U.S. mid-cap equity
- U.S. small-cap equity
- U.S. micro-cap equity
- International equity
- International small-cap equity
- Emerging markets equity
- Global thematic
- Alternative investments

b. Income Strategy

Lockwood designed the Income Strategy to seek to provide:

a risk-managed, diversified portfolio; and  
select opportunities for above-average level of yield.

There are five (5) Income Strategy models, each representing various levels of risk and return. Model I is the most conservative and Model V is the most aggressive. In each underlying Income Strategy model, Lockwood seeks to achieve its objective through the use of some or all of the following: dividend paying stocks, real estate investment trusts, master limited partnerships, closed-end funds, and preferred securities.

The five Income Strategy models hold investment vehicles, including mutual funds, ETFs and/or ETNs, which offer exposure to broad asset classes, such as stocks and bonds. Each asset class is intended to contribute to the overall investment objective of the respective models.

Although Lockwood designed the Income Strategy to seek to provide an above-average level of yield, there is no guarantee that income will be consistently generated from your investment.

The asset mix of the respective models may include:

- U.S. short-term fixed income
- U.S. inflation-protected securities
- U.S. intermediate-term fixed income
- U.S. long-term fixed income
- U.S. high-yield fixed income
- Global/international fixed income
- Floating rate income
- U.S. large-cap equity
- International equity

c. Preservation Strategy

Lockwood designed the Preservation Strategy to seek to provide:

the long-term level of returns typically associated with equity and fixed income asset classes;  
a degree of downside protection; and  
a similar level of long-term volatility, when compared to standard capitalization-weighted indices.

There are five (5) Preservation Strategy Models, representing various levels of risk and return. Model I is the most conservative and Model V is the most aggressive. In each underlying Preservation Strategy model, Lockwood seeks to achieve its objective through tilts toward non-cyclical economic sectors, higher quality securities, and alternative strategies that may alter risk characteristics of the portfolio.

The five Preservation Strategy models hold investment vehicles, including mutual funds, ETFs and/or ETNs, which offer exposure to broad asset classes, such as stocks and bonds. Each asset class is intended to contribute to the overall investment objective of the respective models.

Although Lockwood designed the Preservation Strategy to seek to provide downside protection, there is no guarantee that the value of your investment will be preserved.

The asset mix of the respective models may include:

- U.S. short-term fixed income
- U.S. intermediate-term fixed income
- U.S. long-term fixed income
- U.S. inflation-protected securities
- Global/international fixed income

- Floating rate income
- U.S. large-cap non-traditional
- U.S. large-cap equity
- International equity
- Global defensive sectors
- Alternatives

Lockwood designed the Models to seek to align with the different phases of the investor life cycle, from wealth accumulation, to transition into retirement and ultimately, the management and distribution of income. Each of the Models contains specific investment selections. Disclosures relating to certain investment selections are contained in Exhibit C and you should review them in detail. You and your Consultant are responsible for selecting the appropriate Model for you.

After account opening, you or your Consultant may determine to move up or down one Model level from the originally selected Model, in your and your Consultant's sole discretion.

Lockwood makes available research reports relating to the investment selections within the Models and prepared by Morningstar, Inc. ("Morningstar").

For each investment selection within a Model, Lockwood identifies several options from which you and your Consultant may choose. Within each Model, there will be primary investment selections ("Primary Selections") and alternate investment selections ("Alternate Selections") from which you and your Consultant may choose.

Lockwood will implement certain updates and changes to the Models ("Model Updates") throughout the life of your AFP account. You have given Lockwood the limited discretion to make trades in your account for Model Updates. You and your Consultant are responsible for reviewing all such Model Updates. When Lockwood performs a Model Update, Lockwood may replace one investment vehicle with another and/or change the asset allocation of the Model.

At any time and in Lockwood's sole discretion, Lockwood may reclassify a Primary Selection as an Alternate Selection. In such a case, existing accounts holding the Primary Selection may keep the existing selection or decide to change to the new Primary Selection. In each instance, Lockwood will notify your Consultant. In the event that a Primary Selection is eliminated from a Model altogether, all accounts in the Model that held the previous Primary Selection will default to the new Primary Selection. In the event that Lockwood removes one of the Alternate Selections, affected accounts will default to either the Primary Selection or another, available Alternate Selection, as determined by Lockwood.

If you select both Primary Selections and Alternate Selections to complete a Model, the mixture of Primary Selections and Alternate Selections may result in changes to the weightings within an asset allocation.

Certain asset classes may contain only Primary Selections. Alternate Selections will not be made available in those cases, in Lockwood's sole discretion.

You grant limited discretion to your Consultant to make changes to Primary Selections and Alternate Selections in your AFP account and to make other decisions relating to the AFP account on your behalf.

Because Lockwood is both a sponsor and Portfolio Manager for AFP, Lockwood does not perform a separate analysis of its management of AFP, as it does for independent Covered Managers. Suitability is determined at the account level according to the model expectations. If a model does not perform according to expectations, Lockwood may adjust the model.

### 3. Lockwood Investment Strategies

LIS is a discretionary, multi-discipline managed account product contained in a single portfolio. There are five (5) core models, which span the risk/return spectrum from current income to growth. You may also choose from four (4) additional models, which include exposure to non-traditional asset classes, as described more fully below. Lockwood, serving as the Portfolio Manager, determines the Sub-Advisers and specific investment vehicles based on its proprietary modeling strategies, and its economic outlook.

Lockwood selects Sub-Advisers and/or investment vehicles, such as ETFs or mutual funds, for each investment style. Each Sub-Adviser electronically provides Lockwood with its model portfolio buy list. As the overall Portfolio Manager, Lockwood combines each of the model portfolios into one LIS portfolio designed to perform and act similar to a defined target benchmark. Lockwood uses software to find ways to minimize tax implications and create better tracking to the target benchmark. This portfolio management process is sometimes referred to as “overlay management.” The Sub-Advisers currently employed in LIS portfolios are Eagle Global Advisors; Penn Capital Management and Riverbridge Partners; and are subject to change at Lockwood’s sole discretion.

When Lockwood selects investment vehicles for each investment style in each of the portfolios, a number of factors are evaluated. Not only must the vehicle stand on its own investment merits, but it also must fit within the overall strategy. The amount allocated to an investment style may determine which type of vehicle may be used to manage that portion of the portfolio. A vehicle such as a mutual fund or ETF may be utilized to allow broad market exposure for lower dollar values. Lockwood may substitute an ETF for a mutual fund held in the model portfolio if a mutual fund is not available. Individual securities supplied by a Sub-Adviser may be used for allocations where Lockwood seeks active securities selection. Lockwood reviews Sub-Adviser and investment vehicle combinations to determine the most effective combination of investments to satisfy the goals of the portfolio. Lockwood also pays considerable attention to fees, liquidity, investment minimums, and operational issues to determine whether they affect the implementation of specific vehicles and Sub-Advisers in the portfolios.

When a Sub-Adviser makes model portfolio changes, the Sub-Adviser may notify Lockwood after the Sub-Adviser has bought and sold securities in its other clients’ accounts. Once a particular Sub-Adviser notifies Lockwood of model portfolio changes, Lockwood may make corresponding changes to your account. Lockwood reserves the right to not accept a particular Sub-Adviser recommendation. For example, if a security is subject to a reasonable restriction you imposed, Lockwood will not purchase that security for your account. As a result of the timing of model change notifications and Lockwood’s processes, however, Sub-Adviser may effect trades on behalf

of their other clients' accounts before Lockwood effects corresponding trades in LIS accounts. Therefore, in connection with model portfolio changes, due to the potential for the markets to react to the trades effected by the Sub-Adviser, you may be at a disadvantage when compared to Sub-Advisers' other clients with respect to the timing of the trades.

Lockwood also offers a series of strategies limited to traditional asset classes only (Traditional) and a series of strategies that include traditional and non-traditional investment asset classes (Alternative).

Lockwood offers five (5) LIS diversified, discretionary investment portfolios that generally include allocations to Traditional asset classes. Model I is the most conservative model, with the majority of the model allocated to fixed income and the balance to equities; Model V is the most aggressive model, with an allocation focused on equities. The asset classes represented within the investment portfolios are comprised of:

- U.S. short-term fixed income
- U.S. inflation-protected securities
- U.S. intermediate-term fixed income
- Global/international fixed income
- Floating rate income
- U.S. large-cap equity
- US large-cap non-traditional
- U.S. mid-cap equity
- U.S. small-cap equity
- International equity
- International small-cap equity
- Emerging markets
- Global thematic
- Alternatives
- Gold Bullion

The Traditional Strategies models, representing various levels of expected risk and return, offered within LIS are:

Model I:	Current Income
Model II:	Growth & Income
Model III:	Conservative Growth
Model IV:	Moderate Growth
Model V:	Growth

Model I is the most conservative model, with the majority of the model allocated to fixed income and the balance to equities; Model V is the most aggressive model, with an allocation focused on equities.

Lockwood may use both active and passive vehicles in any of its asset classes as market conditions or the availability of investment vehicles warrant.

Using a long-term, strategic approach to its asset allocation methodology, Lockwood shifts its models from time to time based on economic models and changing investment fundamentals. Lockwood generally seeks to make relatively small adjustments within its allocation models, rather than making significant shifts between asset classes, in an effort to reduce the volatility of the portfolios. The decision to increase or reduce exposure to an asset class is driven by secular changes to key economic and market-related factors, which may include shifts in valuations, expected earnings growth, or the impact of changing interest rates.

### **Alternative Strategies:**

Lockwood also offers four (4) diversified, discretionary, investment portfolios that include allocations to the non-traditional investment asset class, with the expectation of offering comparable returns with less volatility than the Traditional Strategies.

Lockwood may invest in the following non-traditional asset classes, or others as it deems appropriate, in its sole discretion:

- convertible arbitrage
- distressed securities
- equity hedge
- equity market neutral
- event-driven
- fund-of-funds
- long-short
- merger arbitrage
- macro strategies
- commodities.

Lockwood employs fundamental valuations and employs its own models to evaluate expected returns, risk and correlation for the traditional asset classes it includes in its investment strategies. A similar approach is employed to determine risks and correlations, and set return requirements for the alternative asset classes. The following issues are among those considered for non-traditional assets:

- expected compensation for potential illiquidity;
- transparency and pricing of underlying securities;
- implementation costs and fees; and
- the use of leverage.

The core asset allocation models offered within the LIS Alternative Strategies are:

Alternative Model II:	Growth & Income
Alternative Model III:	Conservative Growth
Alternative Model IV:	Moderate Growth
Alternative Model V:	Growth

Because Lockwood is both sponsor and Portfolio Manager for LIS, Lockwood does not perform a separate analysis of its management of LIS as it does for independent Covered Managers. Suitability is determined at the account level according to the portfolio expectations. If a portfolio does not perform according to expectations, Lockwood may adjust the portfolio.

#### 4. Lockwood Asset Allocation Portfolios

LAAP is a discretionary, multi-discipline managed account product contained in a single portfolio. Lockwood, serving as the Portfolio Manager, determines the asset allocation strategy and selects investment vehicles for each investment style in the portfolio, based upon proprietary modeling strategies, economic outlook and investment research discipline. Lockwood uses the same analysis described above to evaluate vehicles for use in LAAP.

The five (5) LAAP model portfolios are:

Model I:	Current Income
Model II:	Growth & Income
Model III:	Conservative Growth
Model IV:	Moderate Growth
Model V:	Growth

Model I is the most conservative model, with the majority of the model allocated to fixed income and the balance to equities; Model V is the most aggressive model, with an allocation focused on equities.

These portfolios may consist of open and closed end mutual funds, exchange-traded funds and other types of securities, as determined by Lockwood, in its sole discretion.

Because Lockwood is both the sponsor and Portfolio Manager for LAAP, it does not perform a separate analysis of its management of LAAP as it does for independent Covered Managers. Suitability is determined at the account level according to the model expectations. If a model does not perform according to expectations, Lockwood may adjust the model.

#### 5. Third Party Model Providers Model Program



In the Third Party Model Providers Models program Lockwood provides you with access to Models generated by Third Party Model Providers. Lockwood performs due diligence on various Third Party Model Providers and contracts with those Third Party Model Providers to provide the Models for the Third Party Model Providers program. Lockwood continues to monitor contracted Third Party Model Providers and the Models on an on-going basis. Lockwood makes profile information about the Third Party Model Providers and the Models available to your Consultant.

Lockwood has assembled a series of Models, comprised of different asset classes. Because each Model consists of a unique asset class mix, each Model has a distinctive risk profile associated with it. Your assets are invested in accordance with the investment objective and level of risk you and your Consultant determine suits your risk tolerance and financial objectives. If you have selected the Third Party Model Providers Models program, your account is invested in a combination of some or all of the following investment products, pursuant to the Model you have selected:

- Equity or fixed income securities;
- ETFs; and
- mutual funds.

For more information regarding the risks associate with some of these investment products, see section G(1) of this Item 6.

Third Party Model Providers design each Model for a certain level of risk tolerance and investment objective and select mutual funds, ETFs, and or equity securities that it believes are appropriate for each Model.

Lockwood is granted limited discretionary trading authority with respect to assets in your Third Party Model Providers Model account(s). Either you or your Consultant retains final authority for the Third Party Model Providers and Model selections. Pursuant to its discretionary trading authority, Lockwood will invest the assets in your account according to the Model you have selected. Lockwood will also periodically buy and sell securities in your account so that the assets you own are in line with the Model without receiving prior approval from you. This process is known as “rebalancing.” Asset allocations will differ depending on the Model you have selected.

Once a particular Third Party Model Provider notifies Lockwood of model portfolio changes, Lockwood will make corresponding changes to your account. Lockwood reserves the right to not accept a particular change to a Model. For example, if a security is subject to a reasonable restriction you imposed, Lockwood will not purchase that security for your account.

When a Third Party Model Provider makes model portfolio changes, the Third Party Model Providers may notify Lockwood after the Third Party Model Providers has bought and sold securities in its other clients’ accounts. As a result of the timing of Model change notifications and Lockwood’s processes, Third Party Model Providers may effect trades on behalf of their other clients’ accounts before Lockwood effects corresponding trades in your account. Therefore, in connection with model portfolio changes, due to the potential for the markets to react to the trades

effected by a Third Party Model Provider, you may be at a disadvantage when compared to the Third Party Model Provider's other clients with respect to the timing of the trades.

Third Party Model Providers do not receive information regarding your identity, circumstances, financial condition, portfolio holdings, tax situation, regulatory status or financial needs or goals. Third Party Model Providers have no obligation for the provision of advice specifically to you. Third Party Model Providers are not responsible for determining the appropriateness or suitability of investment model(s), or of any of the securities included from time to time in the investment model(s) for you specifically. Notwithstanding the foregoing, you and your Consultant may wish to review each Third Party Model Provider's ADV Part 2A or alternative disclosure document for more information regarding a Third Party Model Provider.

## **H. Brokerage Practices**

### **1. Soft Dollars**

Lockwood currently does not use soft dollar research or services. In the event Lockwood should begin to use soft dollar research or services, then Lockwood would make a good faith determination of the value of the research product or service in relation to the commissions paid. Lockwood would pay particular attention to the fact that any benefit must be advantageous to Clients.

### **2. Trade Aggregation**

Lockwood delegates certain operational functions to Managed Investments, including trade order entry with respect to AFP, LIS and LAAP. Due to different trading technology platforms, the timing of trading among the different Products may, and often does, differ.

Lockwood maintains "average price accounts" at Pershing for the trades in accounts managed by Lockwood. Generally, trades made within the same Product are aggregated in the same trading block so that all accounts within that trading block will receive the same price for execution based on the average price for the block. Typically, for each Product, trades for new accounts, style changes and previous day contributions are aggregated in one trade block. For example, if the same security is being purchased in both AFP and LAAP at the same time, there would be separate trading blocks for each of the AFP and LAAP trades. For large ETF orders, however, Lockwood may combine a trade across the Products.

Throughout the day, at various times, Lockwood may receive requests from Clients that require Lockwood to make a trade. For example, you may ask your Consultant to raise cash for an upcoming withdrawal, liquidate a security or change the selected model portfolio. Managed Investments will process the request and enter an order for a trade block as each request is received. If Managed Investments receives multiple requests within a reasonable time (typically a 15 minute window), generally, Managed Investments will aggregate those trades into a single trading block.

### **3. Trade Rotation Policy**

When Lockwood is acting as a discretionary asset manager, Lockwood has adopted a trade rotation policy, which is applicable to AFP, LIS and LAAP. Lockwood uses the Fiserv APL trading system ("APL") to allocate the trades made in the Program. Lockwood utilizes the pro-rata method within

APL in the event of a partial fill, whereby Lockwood allocates shares to accounts on a pro-rata basis governed by a series of tax-lot and trade criteria until all shares are allocated.

#### 4. Withdrawal Requests - Short Settlement and Global Rebalancing

When you request a cash withdrawal from your account, Lockwood must first sell some of the securities in your account to raise the cash you requested. After an equity security is sold, it may take up to three (3) business days before the trade settles and the cash proceeds are in your account or distributed directly to you. In some cases, Lockwood may be able to request a “short settlement” and have the trade settled in one (1) business day. Please note, however, that you will incur additional brokerage costs to have a short settlement effected. In addition, certain mutual funds do not permit next day settlement requests even though most open-ended mutual fund trades settle in one (1) business day.

Periodically, Lockwood will rebalance a portion of the portfolio or the entire portfolio (each, a “Global Rebalance”). During a Global Rebalance, if there is a cash balance in the portfolio, the cash may not be available to be withdrawn. Lockwood performs its trading analysis based on trade date, not settlement date, so cash that may appear to be available to you when it is not available during such a rebalance.

For example, Lockwood sends an order to sell a security and buy another security. The security sale raises \$10,000 and the new security is purchased for the same amount. The sale may settle the next business day, but the new security may not settle for three (3) more business days. If you request a withdrawal and take the cash in the strategy after the sale of the security, but before the new security buy settles, it will result in a negative balance. In addition, there are times when it will take more than one (1) day to complete the trading required for a Global Rebalance and cash may appear to be available to you at times when it is not available.

If you wish to make a withdrawal or some other change, such as a Model change, style change, etc., Lockwood cannot process this request on shares that have not settled, because the client does not own them yet. This would constitute a violation called “freeriding,” which is not permitted under the Federal Reserve Board’s Regulation T and the custodian may be required to prohibit trading in the Client’s account for 90 days.

You should consult your tax advisor and Consultant on these issues prior to requesting a withdrawal from your account.

#### 5. Important Trading Disclosures

An unaffiliated Manager may elect to pursue execution at a broker-dealer which is affiliated with Lockwood. This determination is made solely by the Portfolio Manager; Lockwood has no role in this determination. In the event, however, that a Portfolio Manager elects to employ such broker-dealer for execution, Lockwood will rely on the Morgan, Lewis & Bockius LLC, SEC No-Action Letter (April 16, 1997) for authorization of such principal trades. Lockwood will periodically test the execution of the Portfolio Manager’s trade to determine that the Portfolio Manager’s obligations to achieve best execution are being met. Each Portfolio Manager is responsible for ensuring that it complies with its best execution obligations. You should review the Portfolio Manager’s Form ADV Part 2A for a description of its brokerage practices and its approach to best execution.

Certain Portfolio Managers participating in the Program have historically executed all or a portion of their trades Client accounts with broker-dealer firms other than Pershing. Frequently these trades have been for fixed-income, foreign or small cap securities or strategies. In some cases, the unaffiliated broker-dealer imposes a commission or mark-up or mark-down (which may be embedded in the price of the security) for executing the trade. As a result, these Portfolio Managers and their strategies could be more costly than Portfolio Managers that primarily execute Client trade orders with Pershing. The Portfolio Managers that have been identified by Lockwood as regularly trading away from Pershing are designated as such on Exhibit A below. This information is based solely upon the historical information available to Lockwood. None of Lockwood or any of its affiliates or associates makes any representation regarding the future trading practices of a particular Portfolio Manager.

Please review the Portfolio Manager's Form ADV Part 2A Brochure, inquire about the Portfolio Manager's brokerage practices, and consider that information carefully, including any additional trading costs that you may incur, before selecting a Portfolio Manager to manage your account. You may also contact your Consultant or the Portfolio Manager if you would like specific information about trade aways and the amount of commissions or other costs, if any, that are typically incurred in connection with step out trades.

#### **6. Fiserv Security APL**

Lockwood employs Fiserv's Security APL ("APL") system as its primary portfolio accounting system. APL has a process whereby a security or securities may not be purchased if there is inadequate cash in the account to purchase such security. APL will prorate the available cash among the securities and APL will not purchase a security to a weight not specified in the platform.

#### **I. Lockwood Managed Client Account Customization**

Your account is tailored to your specific investment goals and objectives. Consultants use software and research provided by Lockwood to assist you in identifying your goals. After the Consultant collects financial and personal information from you, you and your Consultant decide on an asset allocation strategy and investment styles that fit the strategy.

#### **J. Client Restrictions**

You may put reasonable restrictions on the investments in your account. For example, you may request that Lockwood not buy a particular stock or stocks from a particular industry. If a restriction you request is so overly broad as to make it not possible to manage the account according to the Lockwood strategy, Lockwood will work with your Consultant to determine a potential alternative.

#### **K. Differences in Wrap and Non-Wrap Services**

Lockwood managed portfolios are generally only offered under wrap fee programs. In a wrap program, Lockwood's advisory fees are disclosed and Lockwood receives its proportion of the total fee.

#### **L. Lockwood Performance Fee and Side-by-Side Management Disclosure**

Advisers are subject to certain fiduciary standards under federal law and owe clients an affirmative duty of utmost good faith to act solely in the best interests of the client and to make full and fair disclosure of all material facts, particularly where the adviser's interests may conflict with the client's best interest.

Lockwood's fee schedule does not include performance-based fees whereby a party is compensated based on a share of capital gains upon, or capital appreciation of, funds or any portion of funds or other investments in your account. Nor does Lockwood contract with any Portfolio Manager or Sub-Adviser to pay any performance-based compensation in the Program.

### **Conflicts of Interest Relating to the Management of Multiple Client Accounts**

We and our affiliates perform investment advisory services for various clients. We may give advice and take action in the performance of our duties with respect to any of our other clients which may differ from the advice given, or the timing or nature of action taken, with respect to another client. We have no obligation to purchase or sell for a client any security or other property which we purchase or sell for our own account or for the account of any other client, if it is undesirable or impractical to take such action. We may give advice or take action in the performance of our duties with respect to any of our clients which may differ from the advice given, or the timing or nature of action taken by our affiliates on behalf of their clients.

### **Conflicts of Interest Relating to "Proprietary Accounts"**

We, our affiliates, and our existing and future employees may from time to time manage and/or invest in products managed by the Firm ("Proprietary Accounts"). Investment by the Firm, our affiliates, or our employees in Proprietary Accounts may create conflicts of interest. We have an incentive to favor these Proprietary Accounts by, for example, directing our best investment ideas to these accounts or allocating, aggregating or sequencing trades in favor of such accounts, to the disadvantage of other accounts. We also have an incentive to dedicate more time and attention to our Proprietary Accounts and to give them better execution and brokerage commissions than our other client accounts.

### **Other Conflicts of Interest**

As noted previously, we and our affiliates manage numerous accounts with a variety of interests. This necessarily creates potential conflicts of interest for us. For example, we or an affiliate may cause multiple accounts to invest in the same investment. Such accounts may have conflicting interests and objectives in connection with such investment, including differing views on the operations or activities of the portfolio company, the targeted returns for the transaction and the timeframe for and method of exiting the investment. Conflicts may also arise in cases where multiple Firm and/or affiliate client accounts are invested in different parts of an issuer's capital structure.

### **M. Voting Client Securities by Portfolio Managers or by Lockwood**

If you opt to have your Portfolio Manager vote proxies for you, your custodian will send reorganization notices and proxy materials to the Portfolio Manager. If your account is a tax-qualified retirement plan subject to ERISA, unless you opt to do it yourself, your Portfolio Manager

will vote your proxies. If your account is not an ERISA account, you may either retain the right to vote proxies or delegate such authority to your Portfolio Manager. If you opt to vote your own proxies, you will receive proxies as described in your brokerage agreement with PAS or Schwab. Clients should contact their Consultant if they have any questions about any proxies or other solicitations they receive.

Individual Portfolio Managers have their own proxy voting policies and the policies differ from Portfolio Manager to Portfolio Manager. In instances where Lockwood is the Portfolio Manager, Clients may delegate proxy voting to Lockwood. Lockwood's proxy voting policy is set forth below:

### Committee Structure

Lockwood participates in BNY Mellon's Proxy Voting and Governance Committee (the "Committee"). The Committee consists of representatives from certain investment advisory, banking, trust company, and other fiduciary business units (each, a "Member Firm") affiliated with BNY Mellon. The Committee has adopted a Proxy Voting Policy, related procedures, and voting guidelines, and applies such policies, procedures and guidelines to those Clients who have given a Member Firm, typically through an investment advisory agreement, authority to vote proxies. In voting proxies, the Committee seeks to make proxy voting decisions that are in the best interest of the client. For this purpose, the Committee has adopted detailed, pre-determined, written proxy voting guidelines for specific types of proposals and matters commonly submitted to shareholders by U.S. and non-U.S. companies ("Voting Guidelines"). These Voting Guidelines are designed to assist with voting decisions, which over time, will result in maximizing the economic value of the securities of companies held in Client accounts. Lockwood believes that this approach is consistent with its fiduciary obligations and with the published positions of applicable regulators with an interest in such matters (e.g., the U.S. Securities and Exchange Commission and the U.S. Department of Labor). Lockwood does not permit Clients to direct Lockwood on how to vote in a particular solicitation. However, if a Member Firm client chooses to delegate proxy voting authority to an entity other than a Member Firm (whether such delegation applies to all or only a portion of the securities within the account managed by the Member Firm), such other entity's proxy voting guidelines (and not the Committee's) will apply to those securities.

### Philosophy

Lockwood recognizes that the responsibility for the daily management of a company's operations and strategic planning is entrusted to the company's management team, subject to oversight by the company's board of directors. As a general matter, Lockwood invests in companies believed to be led by competent management and Lockwood customarily votes in support of management proposals and consistent with management's recommendations. However, in Lockwood's role as a fiduciary, Lockwood believes that it must express its view on the performance of the directors and officers of the companies in which Clients are invested and how these Clients' interests as shareholders are being represented. Accordingly, Lockwood will vote against those proposals that Lockwood believes would negatively impact the economic value of Clients' investments – even if those proposals are supported or recommended by company management.

Lockwood seeks to vote on proxies of non-U.S. companies through application of the Voting Guidelines. However, corporate governance practices, disclosure requirements and voting operations vary significantly among the various non-U.S. markets in which our clients may invest. In these markets, Lockwood seeks to submit proxy votes in a manner consistent with the Voting Guidelines. However, we may face regulatory, compliance, legal or logistical limits with respect to voting securities held in client accounts which can affect our ability to vote such proxies, as well as the desirability of voting such proxies. Non-U.S. regulatory restrictions or company specific ownership limits, as well as legal matters related to consolidated groups, may restrict the total percentage of an issuer's voting securities that we can hold for clients and the nature of our voting in such securities. Our ability to vote proxies may also be affected by, among other things: (1) late receipt of meeting notices; (2) requirements to vote proxies in person; (3) restrictions on a foreigner's ability to exercise votes; (4) potential difficulties in translating the proxy; (5) requirements to provide local agents with unrestricted powers of attorney to facilitate voting instructions; and (6) requirements that investors who exercise their voting rights surrender the right to dispose of their holdings for some specified period in proximity to the shareholder meeting. Absent an issue that is likely to impact Clients' economic interest in a company, Lockwood generally will not subject Clients to the loss of liquidity that could be imposed by these requirements. Additionally, the costs of voting in certain non-U.S. markets may be substantially higher than in the U.S. In these markets, Lockwood will weigh the associative costs against the benefit of voting, and may refrain from voting certain non-U.S. securities in instances where the items presented are not likely to have a material impact on shareholder value.

### Process

The Committee has retained the services of two independent proxy advisors ("Proxy Advisors") to provide comprehensive research, analysis, and voting recommendations. These services are used most frequently in connection with proposals or matters that may be controversial or require a case-by-case analysis by the Committee in accordance with its Voting Guidelines. The Committee has engaged one of its Proxy Advisors as its proxy voting agent (the "Proxy Agent") to administer the mechanical, non-discretionary elements of proxy voting and reporting for clients. In that administrative role, the Committee has directed the Proxy Agent to follow the specified Voting Guidelines and apply it to each applicable proxy proposal or matter where a shareholder vote is sought. Accordingly, proxy items that can be appropriately categorized and matched normally will be voted in accordance with the applicable guideline or referred to the Committee if the guideline so requires. Proxy proposals or shareholder voting matters for which the Committee has not yet established a guideline (e.g., new proposals arising from emerging economic or regulatory issues) will be referred to the Committee for discussion and vote. In the exercise of its business judgment, the Committee may also direct that proxy proposals of those issuers that account for its largest holdings be referred for discussion and vote.

For items referred to it, the Committee may determine to accept or reject any recommendation based on the research and analysis provided by its Proxy Advisors or on any independent research and analysis obtained or generated by the Committee. In all cases, the ultimate voting decision and responsibility rests with the Committee.

Clients may receive a copy of the Voting Guidelines, as well as the Committee's Proxy Voting Policy and any related procedures, upon request. Clients may also receive information on the proxy

voting history for their managed accounts upon request. Please contact Lockwood for more information.

#### Managing Conflicts:

It is the policy of the Committee to make proxy voting decisions that are solely in the best long-term economic interests of clients. The Committee is aware that, from time to time, voting on a particular proposal or with regard to a particular issuer may present a potential for conflict of interest for its Member Firms. For example, potential conflicts of interest may arise when: (1) a proponent of a proxy proposal has a business relationship with some BNY Mellon affiliated company; and/or (2) an employee, officer or director of BNY Mellon or one of its affiliated companies has a personal interest in the outcome of a particular proxy proposal.

Aware of the potential for conflicts to influence the voting process, the Committee consciously developed the Voting Guidelines and structured the Committee and its practices with several layers of controls that are designed to ensure that the Committee's voting decisions are not influenced by interests other than those of its Member Firms' fiduciary clients. For example, the Committee developed its Voting Guidelines with the assistance of internal and external research and recommendations provided by third party vendors but without consideration of any BNY Mellon client relationship factors. The Committee has directed the Proxy Agent to apply the Voting Guidelines to individual proxy items in an objective and consistent manner across client accounts and similarly has directed the Proxy Agent to administer proxy voting for Member Firm clients. When proxies are voted in accordance with these pre-determined guidelines, it is the Committee's view that these votes do not present the potential for a material conflict of interest and no additional safeguards are needed.

For those proposals referred for discussion and vote, the Committee votes based upon its principle of maximizing shareholder value. In this context the Committee seeks to address the potential for conflicts presented by such "referred" items through deliberately structuring its membership. The representatives of the Member Firms on the Committee do not include individuals whose primary duties relate to sales, marketing or client services. Rather the Committee consists of senior officers and investment professionals from its Member Firms, and is supported by members of BNY Mellon's Compliance, Legal and Risk Management Departments, as necessary.

With respect to the potential for personal conflicts of interest, BNY Mellon's Code of Conduct requires that all employees make business decisions free from conflicting outside influences. Under this Code, BNY Mellon employees' business decisions are to be based on their duty to BNY Mellon and to their clients, and not driven by any personal interest or gain. All employees are to be alert to any potential for conflict and to identify and mitigate or eliminate any such conflict. Accordingly, members of the Committee with a personal conflict of interest regarding a particular public company or proposal that is being voted upon must recuse themselves from participation in the discussion and decision-making process with respect to that matter.

Additionally, there are certain instances where the Committee may determine to engage an independent fiduciary to vote proxies as a further safeguard to avoid any potential conflicts of interest or as otherwise required by applicable law. Use of an independent fiduciary has been adopted for voting the proxies issued by BNY Mellon by companies for which a member of BNY



Mellon's Executive Committee serves as a director, and by any individual fund within The Dreyfus Family of Funds or The BNY Mellon Funds. If necessary or appropriate, the Committee may engage the independent fiduciary to vote proxies issued by other companies.

## **Item 7 Client Information Provided to Portfolio Managers**

When you open your account, Lockwood will provide your selected Portfolio Manager(s) with a copy of the Account Paperwork that you completed when you opened your account with Lockwood. Among other things, this paperwork contains information about your financial condition, investment risk tolerance and investment time horizon. Please notify your Consultant if your financial condition changes or if you want to impose additional investment restrictions or change existing investment restrictions. If Lockwood receives updated information about you from you or your Consultant, Lockwood will share that information with your Portfolio Manager if the information will impact the daily management of your portfolio.

## **Item 8 Client Contact with Portfolio Managers**

You may contact and consult with Portfolio Managers (including Lockwood, where Lockwood acts as a Portfolio Manager), in writing, over the phone or electronically. Portfolio Managers in the Program agree to be reasonably available for discussions with you, and many hold regular conference calls to discuss investment strategies or current market events. If you wish to communicate directly with the Portfolio Manager personally, many Portfolio Managers prefer that you contact them through, or together with, your Consultant so that the financial advice you receive is consistent. Note that while mutual funds and ETFs have investment management staff, it is often unlikely that you will be able to speak directly with them. Mutual fund firms do have client service and investor relations persons who typically handle client communications.

## **Item 9 Additional Information**

### **A. Disciplinary Information**

The New York State Attorney General's Offices, the U.S. Attorney's Office for the Southern District of New York and certain other plaintiffs have filed civil complaints against The Bank of New York Mellon (the "Bank") and/or BNY Mellon. BNY Mellon is the parent company of the Bank and Lockwood. These actions allege that the Bank and/or BNY Mellon improperly charged and reported prices for standing instruction foreign exchange ("FX") transactions executed in connection with custody services provided by the Bank. BNY Mellon believes that the claims asserted in the actions are without merit, and reflect a fundamental misunderstanding of the role of custodian banks and the operation of institutional FX markets. BNY Mellon plans to defend itself vigorously on behalf of its shareholders. Lockwood is not a defendant to any of these actions.

### **B. Other Financial Industry Activities**

Lockwood does not engage in any other business other than that of an investment manager and sponsor or administrator for managed account programs. Some of Lockwood's personnel may

have securities registrations, including, but not limited to FINRA series 7 or series 24, which are held with Lockwood's affiliate, Pershing.

### **C. Financial Industry Affiliations**

Lockwood is affiliated with a large number of investment advisers and broker-dealers within the BNY Mellon family of companies. Please see Form ADV, Part 1-A Schedule D, Section 7.A, for a list of investment advisers and broker-dealers affiliated with Lockwood.

BNY Mellon is a global financial services company providing a comprehensive array of financial services (including asset management, wealth management, asset servicing, clearing and execution services, issuer services and treasury services) through a world-wide, client-focused team that enables institutions and individuals to manage and service their financial assets. BNY Mellon Asset Management is the umbrella designation for certain of BNY Mellon's affiliated investment management firms and global distribution companies and is responsible, through various subsidiaries, for U.S. and non-U.S. retail, intermediary and institutional distribution of investment management and related services.

Lockwood may enter into transactions with unaffiliated counterparties or third-party service providers who then use affiliates of Lockwood to execute such transactions. These services may include, for example, clearance of trades, purchases or sales of ADRs, or other transactions not contemplated by Lockwood. Although the affiliate may receive compensation for engaging in these transactions, the decision to use or not use an affiliate of Lockwood is made by the unaffiliated counterparty or third-party service provider. Further, Lockwood will likely be unaware that the affiliate is being used to enter in such transaction. Sub-Advisers that are investment management affiliates of BNY Mellon and/or investment vehicles that are managed by investment management affiliates of BNY Mellon may be used in the construction of its AFP, LIS and LAAP portfolios. The Program may include Portfolio Managers that are affiliates of Lockwood. To address any potential conflicts of interest, Lockwood does not conduct screening and analysis of these affiliated Portfolio Managers. As of the date of this Brochure, there were no affiliated Portfolio Managers in the Program.

Parties, which are related parties to Lockwood or under common control as subsidiaries owned by BNY Mellon, include those, which are:

- broker dealers (such as Pershing)
- investment companies or other mutual funds
- futures or commodity brokers or agents
- hedge funds
- other investment advisers
- banks
- insurance companies or agencies

- pension consultants
- syndicators of limited partnerships
- general partners of limited partnerships.

Affiliates of Lockwood may refer Consultants, Firms, Portfolio Managers, or Sub-Advisers to Lockwood. Affiliates of Lockwood may also have business arrangements with Consultants, entities, Portfolio Managers, or Sub-Advisers that may indirectly benefit from such entities' business with Lockwood. This may create a potential conflict of interest, therefore, Lockwood shall make an independent determination as to whether to do business with such entities.

Lockwood's affiliate, Pershing, provides clearing and custody services for the Managed Products accounts and all other accounts in the Program. Lockwood or Managed Investments, on Lockwood's behalf, enters trade orders and sends such orders to Pershing unless Lockwood or Managed Investments decided to trade away from Pershing. Pershing trades on an agency basis for the Managed Products and all other accounts in the Program. Pershing may receive payment for trade order flow. Lockwood may delegate certain administrative functions to Managed Investments. Managed Investments does not have discretion to trade other than upon instructions of Lockwood.

Certain mutual fund families whose funds are used in the Managed Products may provide fees to Lockwood's affiliates, Pershing and PAS. Lockwood is not incited or rebated any fees or compensation as a result of a related party's receipt of fees. Although Lockwood is not incited or rebated any fees or compensation, the payment to Lockwood's affiliates may create a potential conflict of interest, therefore, Lockwood does not consider fees paid to affiliates in its selection and retention of mutual funds. One or more affiliates of Lockwood may be a service provider, such as a trustee or administrator to a mutual fund or ETF, used in the Managed Products, and may receive a fee from the mutual fund or ETF for performing such service. Lockwood does not receive any portion of these fees and does not consider trustee or administrator fees received by an affiliate in its selection and retention of investment vehicles. Lockwood may, with appropriate disclosure, offer affiliated Portfolio Managers in the Program.

As of December 31, 2013, the following firms were each one of the top ten institutional owners of the common stock of BNY Mellon and have a relationship with Lockwood, relating to programs covered in this Brochure and not covered in this Brochure as described below:

- Davis Selected Advisers, L.P. (Portfolio Manager in certain managed account programs);
- BlackRock Fund Advisors (affiliate of BlackRock Investment Management LLC, a Portfolio Manager and/or Third Party Model Provider in certain managed account programs, and various related mutual funds held in certain Lockwood managed account programs);
- Vanguard Group, Inc. (Mutual Fund(s) and ETFs held in products managed by Lockwood);
- Dodge & Cox (mutual fund(s) held in products managed by Lockwood); and

- Fiduciary Management, Inc. (mutual fund(s) held in products managed by Lockwood).

These relationships with BNY Mellon may create a potential conflict of interest, however, it did not and does not affect Lockwood's decision to include these firms in a managed account program and these Portfolio Managers and investment vehicles are subject to Lockwood's due diligence criteria.

On July 1, 2010, BNY Mellon purchased PNC Global Investment Servicing Inc., the parent of PNC Managed Investments Inc. ("PNC Managed Investments") (formerly ADVISORport, Inc.) from The PNC Financial Services Group, Inc. (the "Transaction"). In connection with the Transaction, PNC Managed Investments became a part of Lockwood. The transition to Lockwood was accomplished in two steps. At the closing of the Transaction, PNC Managed Investments transferred its advisory business to Lockwood and, in turn, Lockwood delegated to PNC Managed Investments certain operational activities in support of the advisory programs. For transitional purposes, PNC Managed Investments was renamed BNY Mellon Managed Investments Inc. ("BNYMMI") on July 1, 2010 and was merged with and into Lockwood in 2011.

Effective as of the date of the Transaction, Lockwood became an affiliate of BNY Mellon Distributors Inc. ("BNYMDI"), BNY Mellon Investment Servicing (US) Inc. ("BNYMIS") and BNY Mellon Investment Servicing Trust Company ("BNYMTC") (formerly, PFPC Trust Company), each, a BNY Mellon Company. The mutual funds and ETFs in which you invest may be serviced by BNYMDI, BNYMIS, BNYMTC and/or other Lockwood affiliates and for which such affiliates receive fees. When selecting a mutual fund and/or ETF for inclusion in, or removal from the Managed Products, Lockwood does not take into consideration whether the fund is serviced by an affiliate of Lockwood. BNY Mellon sold BNYMDI to a third party during 2012 and, therefore, BNYMDI is no longer affiliated with Lockwood. For more detailed information regarding a mutual fund, including fees and expenses, please refer to that fund's prospectus.

Lockwood's affiliate Lockwood Solutions, Inc., for a fee, provides certain asset management firms with back office support services related to their participation in wrap fee programs. Some of the Portfolio Managers that pay for these services may also be Portfolio Managers in the Program. This may create a potential conflict of interest giving Lockwood an incentive to recommend Portfolio Managers that pay a fee to Lockwood Solutions, Inc. Lockwood manages this potential conflict of interest by applying the same due diligence criteria to Portfolio Managers using the services of its affiliate that it does to other Portfolio Managers.

Lockwood and certain of its affiliates sponsor other wrap fee programs, which may have fees, custodians, portfolio managers and/or available products that are different from those in the program described in this Brochure.

### **BNY Mellon's Status as a Bank Holding Company**

BNY Mellon and its direct and indirect subsidiaries, including Lockwood, are subject to certain U.S. banking laws, including the Bank Holding Company Act of 1956, as amended (the "BHCA"), and to regulation and supervision by the Board of Governors of the Federal Reserve

System (the “Federal Reserve”). The BHCA (and other applicable banking laws, and their interpretation and administration by the appropriate regulatory agencies, including but not limited to the Federal Reserve) may restrict the transactions and relationships among BNY Mellon, its affiliates (including Lockwood) and our clients, and may restrict the transactions and operations. For example, the BHCA regulations applicable to BNY Mellon and us may, among other things, restrict our ability to make certain investments or the size of certain investments, impose a maximum holding period on some or all of our investments, and restrict our ability to participate in the management and operations of the companies in which we invest. In addition, certain BHCA regulations may require aggregation of the positions owned, held or controlled by related entities. Thus, in certain circumstances, positions held by BNY Mellon and its affiliates (including us) for client and proprietary accounts may need to be aggregated and may be subject to a limitation on the amount of a position that may be held. These limitations may have an adverse effect on Lockwood’s ability to manage client investment portfolios. For example, depending on the percentage of a company Lockwood and its affiliates (in the aggregate) control at any given time, the limits may: (1) restrict Lockwood’s ability to invest in that company for certain Clients and/or (2) require us to sell certain Client holdings of that company at a time when it may be undesirable to take such action. Additionally, BNY Mellon may in the future, in its sole discretion and without notice, engage in activities impacting us in order to comply with the BHCA or other legal requirements applicable to (or reduce or eliminate the impact or applicability of any bank regulatory or other restrictions on) us and accounts managed by us and our affiliates.

#### **D. Other Relationships**

In addition, BNY Mellon personnel, including certain of our employees, may have board, advisory, or other relationships with issuers, distributors, consultants and others that may have investments in a private fund and/or related funds or that may recommend investments in a private fund or distribute interests in a private fund. To the extent permitted by applicable law, BNY Mellon and its affiliates, including us and our personnel, may make charitable contributions to institutions, including those that have relationships with investors or personnel of investors. As a result of the relationships and arrangements described in this paragraph, placement agents, consultants, distributors and other parties may have conflicts associated with their promotion of a private fund, or other dealings with a private fund, that create incentives for them to promote a private fund.

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

Lockwood, its employees and/or affiliates may give advice and take action in the performance of their duties that may be the same as, similar to, or different from advice given, or the timing or nature of actions taken, for other Client accounts or for their proprietary or personal accounts. Lockwood and its employees may at any time hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which your account may have an interest from time to time. Lockwood has no obligation to acquire for your account a position in any investment, which it, acting on behalf of another Client, or an employee, may acquire, and the Client accounts shall not have first refusal, co-investment or other rights in respect of any such investment. In addition, Lockwood employees may be invested in the Managed Products.

Because this may present a potential conflict of interest, Lockwood has adopted a Code of Ethics, which includes restrictions on employees' personal trading as described in Section H.

#### **F. Marketing Activities**

Certain Portfolio Managers available in Lockwood's Program and other non-advisory platforms have served as sponsor of certain Lockwood conferences. In 2012, Lockwood received sponsorship fees from RNC Capital Management LLC (d/b/a RNC Genter Capital Management) and Forward Management, LLC. During 2013, Lockwood received no sponsorship fees from Portfolio Managers.

Correspondingly, during 2012 and 2013 Lockwood paid sponsorships fees for certain, specific marketing activities engaged in by the financial institutions and organizations listed below. This list includes Firms that participate or participated in Lockwood's Managed360 Program, MAL Program, MAA Program, LSP, certain co-sponsored programs, Managed Account Command and other non-advisory platforms.

Ameritas Investment Corp.	Minnesota Life Insurance Company
American Portfolios Financial Services, Inc.	Money Concepts Capital Corp.
Associated Investment Services, Inc.	PNC Investments, LLC
B.C. Ziegler & Company	Premier Resource Group
Benjamin F. Edwards & Company, Inc.	Primerica Conventions Services Inc. (PFS Investments Inc. (d/b/a Primerica Advisors))
BBVA Compass Investment Solutions	Questar Capital Corporation
Cambridge Investment Research Inc.	Royal Alliance Associates, Inc.
Cetera Financial Group, Inc./Genworth Financial Investment Services/Genworth Financial Advisors, Corp.	Sanders Morris Harris Inc. (SMH Capital)
Client 1st Advisors Inc.	Santander Securities Corporation
Essex Securities LLC	Securian Advisors/Securian Financial Services
E*TRADE Capital Management, LLC	Summit Brokerage Services, Inc.
Excel Securities & Assoc.	SunTrust Investment Services, Inc.
Infinex Investments Inc.	Waddell and Reed Inc.
Key Investment Services LLC	Woodbury Financial Services, Inc.
The MetLife Broker Dealer Group (including MetLife Securities and New England Securities)	

Affiliates of Lockwood, including Pershing, may have also paid or received sponsorship fees for certain marketing activities of firms that do business with Lockwood. By accepting sponsorship payments from Portfolio Managers, it appears that a potential conflict of interest may exist in Lockwood's objective ability to provide clients with disinterested advice could be placed above the interests of its clients. Lockwood manages this potential conflict of interest by applying the same

selection criteria to Portfolio Managers, Sub-advisers, ETFs and mutual funds, regardless of whether Lockwood, Pershing or any other affiliate of Lockwood receives sponsorship fees.

Lockwood or its affiliates may pay certain expenses, such as lodging, meals and entertainment for certain attendees at conferences sponsored by Lockwood or its affiliates. This indirect compensation provided to Consultants who recommend Lockwood's products may create a conflict of interest.

## **G. Compliance Plan**

Lockwood has adopted its Investment Advisory Compliance Plan (the "Plan"), pursuant to Rule 206(4)-7 under the Investment Advisers Act of 1940 ("Advisers Act"). Part of that plan includes the adoption of written policies and procedures, which are incorporated within Lockwood's Compliance Manual. The Compliance Manual addresses the following topics:

Adherence to Investment Objectives and Restrictions	Exchange Act Filings
Advertisements	Fees
Adviser's Compliance Program	Form ADV
Adviser as Sponsor	Gifts, Entertainment and Other Payments
Adviser as Portfolio Manager	Government Contracts
Advisory Agreements	Insider Trading and Pre-Clearance
Agency Cross Transactions	Investment Adviser Representative
Anti-Money Laundering	Registration
Best Execution	Late Trading and Market Timing-Mutual Funds
Books and Records	Material Compliance Event
Business Continuity and Disaster Recovery	Oversight of Portfolio Managers, Investment Vehicles and Buy List Providers
Client Accounts	Performance Advertising
Complaints	Personal Securities Transactions & Records
Conflicts of Interest	Political Contributions by Investment Advisers
Continuing Education	Principal Trading
Custody	Prohibited Business Practices for Investment Advisers and their Associated Persons
Dealings with Regulators, Government Agencies, Outside Attorneys and Duty to Escalate	Proxy Voting
Directed Brokerage	Regulation S-P- Privacy of Client Financial Information and Safeguarding Information
Due Diligence – Third-party Firms	Security Pricing and Account Valuations
Due Diligence-Selection of Portfolio Managers	Soft Dollars
Due Diligence-Selection of Investment Vehicles and Third-party List Providers	Solicitor Arrangements
Electronic Communications	Trade Errors
ERISA	Trading

Lockwood employees receive periodic training relating to the Compliance Plan, which is amended periodically to reflect additional policies.

## **H. Codes of Ethics and Personal Trading**

Lockwood has adopted a Code of Ethics (“Code”) pursuant to Rules 204A-1 and 204-2 under the Advisers Act. The Code is updated periodically, as necessary, and distributed to all personnel. Periodic training on the Code is provided to existing employees and all new employees upon hire.

The Code addresses a variety of topics relating to the appropriate conduct of investment advisory personnel, including the following:

- fiduciary duties of advisory personnel;
- confidentiality duties of advisory personnel;
- gift policy;
- trading policy for advisory personnel;
- reporting, review and record-keeping obligations; and
- avoidance of conflicts of interest.

With respect to personal trading, the Code contains rules and restrictions on the purchase and sale of securities by employees. These rules and/or restrictions are designed to protect Lockwood’s Clients. All officers and employees are required to put the interests of the Clients first in all dealings relating to the Client and their investments.

Activities that are strictly prohibited include:

- Having a personal interest in any Client transaction
- Getting any personal benefit from a Client transaction
- Using knowledge of Client transactions for personal gain
- Allowing anything to influence or impact an independent unbiased judgment with respect to Client communications.

Lockwood Compliance personnel monitor personal securities trading by employees and the members of the employee’s household. Employees who have direct contact with certain Client account information are required to get approval in advance of any securities transactions they wish to make. Employee personal trading reports are reviewed by Compliance personnel to verify the employees are complying with the Code. Lockwood may impose penalties and sanctions on employees who have violated provisions of the Code, including the personal trading policy. Employees must file transaction reports with Compliance at least quarterly. Compliance personnel review employee transaction reports.



To the extent the Code is silent on a matter, Lockwood shall default to the BNY Mellon Code of Conduct and Interpretive Guidance (the “BNY Mellon Code”). The BNY Mellon Code provides to employees the framework and sets the expectations for business conduct. In addition, it clarifies our responsibilities to clients, suppliers, government officials, competitors and the communities we serve and outlines important legal and ethical issues.

Lockwood will provide a copy of the Code or the BNY Mellon Code to you or any prospective Client, upon request.

## **I. Review of Accounts and Rebalancings**

Where Lockwood is the Portfolio Manager, Lockwood employs a number of reports to monitor an account’s holdings with respect to the Managed Products. Periodically, Lockwood personnel employ a variety of reports to review accounts for such items as cash level, style drift and investment performance. As a result of these reviews, Lockwood, in its sole discretion, may rebalance your account in such instances as it believes are in your best interests. Your Consultant and your Sponsor are responsible for obtaining information from you regarding your financial situation and investment objectives, and providing you with the opportunity to impose reasonable restrictions on the management of the account.

Your Consultant is responsible for obtaining information from you regarding your financial situation and investment objectives, and providing you with the opportunity to impose reasonable restrictions on the management of the account.

In addition, your Consultant is responsible for monitoring your investment objectives or guidelines on an on-going and periodic basis, but not less frequently than quarterly, to confirm consistency with your investments/portfolios.

## **J. Client Reporting**

Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) defines “custody” to include a situation in which an adviser or a related person holds, directly or indirectly, client funds or securities or has any authority to obtain possession of them, in connection with advisory services provided by the adviser. We do not have “custody” of client assets for purposes of the Custody Rule.

You will receive custodial account statements about portfolio holdings directly from the custodian that maintains your funds and securities. You are encouraged to carefully review the custodial account statements you receive from the custodian and compare the information on those statements to any report on an account that you receive from Lockwood. If you require additional information about the content of a Lockwood report, you should contact the Service Desk at 1-800-200-3033, Option #3.

Accounts are custodied at Pershing, an affiliate of Lockwood. In addition to custodial brokerage statements provided by the custodian, Lockwood makes regular investment performance and evaluation reports available to your Consultant, so you can measure your progress toward your financial goals.

## **K. Custody**

Lockwood's affiliate, Pershing, serves as the custodian of your account and is identified in your brokerage agreement. Because Lockwood is affiliated with Pershing, Lockwood engaged an independent public accountant to perform a surprise examination of Lockwood pursuant to Rule 206(4)-2 under the Advisers Act. The most recent independent public accountant's report dated November 25, 2014, is filed with the SEC and is available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). (Click on the link for "Investment Adviser Search", select "Firm," type in "Lockwood Advisors", select "Investment Adviser Firm" and then select "Form ADV-E, Accountant Surprise Examination Report.")

#### **L. Referral Fee Payments**

As of the date of this Brochure, Lockwood does not have any solicitor arrangements. Lockwood may enter into agreements with third parties who will solicit investor Clients for Lockwood and receive compensation from Lockwood for their solicitation efforts. In such instances, Lockwood will give the third-party solicitor either a percentage of or a set fee from the Lockwood advisory fee charged to the Client. The Lockwood advisory fee charged to the Client is not affected by the use of a third-party solicitor in connection with the Client's account(s), and the Client will not be assessed any additional charges because of that referral fee paid by Lockwood. If the services of a third-party solicitor are used in connection with the Client's account, the structure of the arrangement and the compensation paid to the third-party solicitor will be fully disclosed to the Client pursuant to Rule 206(4)-3 of the Advisers Act.

#### **M. Other Wrap Programs and Other Services**

Lockwood acts as sponsor and/or Portfolio Manager in programs that may be similar to the program described in this Brochure and priced differently. Lockwood acts as Portfolio Manager in programs where Lockwood acts as a sponsor and also in programs where it does not also act as sponsor. **In addition, Lockwood's management of the investments in these other programs not described in this Brochure may differ from the way Lockwood manages the investments in the Program described in this Brochure, for accounts with the same or similar investment objectives, similar risk structure and similar size. For the program described in this Brochure and the programs not described in this Brochure, where Lockwood acts as Portfolio Manager, Lockwood may make different decisions regarding the same security in different programs, taking into consideration all facts and circumstances, on or about the same time.** Lockwood personnel enter trade orders for each program independently from the other programs due to different trading technology platforms. As a result, the trades from one program may be entered before the trades of another program.

To obtain a copy of other Lockwood Brochures, call 1-800-200-3033, Option 3.

Lockwood, through its affiliation with Pershing Securities Singapore Pte Ltd., provides certain fund management services to accredited institutional investors in Singapore, subject to its registration in Singapore.

Lockwood may enter into arrangements with third parties, including the Firms and affiliates, whereby these parties have access to Lockwood's proposal generation and/or reporting systems and/or Lockwood may provide back office support for services such as client billing and investment

performance reporting. These services may be referred to as platform services. One such platform is known as Managed Account Command. Lockwood may charge such third parties directly for these services. Portfolio Managers that are affiliated with Lockwood (“Affiliated Managers”) may be available in the Managed Account Command Platform.

**N. Privacy Policy**

Lockwood protects your personal information. Please refer to Exhibit D for Lockwood’s Privacy Policy.

**O. Business Continuity**

Lockwood has adopted a business continuity strategy to maintain critical functions in the event of circumstances, which impact our physical plants, applications, data centers or networks. Lockwood has engaged in planning and process development to reduce risk in this area.

**P. Error Correction**

Lockwood seeks to correct errors affecting Client accounts in a fair and timely manner and in such a way that the Client will not suffer a loss. To manage potential conflicts of interest concerning errors, we have implemented a written error resolution policy, whereby risk management personnel monitor and resolve such issues.

**Q. Risk Committee**

Representatives from Lockwood participate in a Managed Investments Risk Committee, which has been established that provides oversight of investment management and operational policies and procedures.

**R. BNY Mellon Incentive Compensation Plan**

BNY Mellon has adopted an incentive compensation program (“IC Program”), which seeks to financially reward eligible employees who offer a business lead that results in a sale of certain affiliated products or services to existing clients and prospects. These rewards may be paid to Lockwood and its employees for referring business (services or products) to its affiliates, and Lockwood’s affiliates and their employees may receive rewards for referring business to Lockwood. The rewards may be based on the number of referrals made. These rewards may create conflicts of interest for Lockwood and our employees because we have an incentive to encourage our clients to engage in transactions with our affiliates, based on the compensation that we will receive for these referrals.

To the extent that Lockwood participates in the IC Program, it will do so in a manner that complies with all applicable law and Rule 206(4)-3 under the Advisers Act, if applicable.

\* \* \*

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. Lockwood has no financial

commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.

## EXHIBIT A

### Schedule of Lockwood Portfolio Managers

Portfolio Managers and Styles as of February 17, 2015	Minimum
Abner, Herrman & Brock Large Cap Core Equity	\$ 100,000
Abner, Herrman & Brock Taxable Intermediate Municipal Bonds	\$ 250,000
Accuvest Global Advisors Global Core Equity	\$ 100,000
Accuvest Global Advisors Global Opportunities	\$ 100,000
Advisors Asset Management† Core Plus Portfolio	\$ 250,000
Advisors Asset Management† Core Tax Exempt Portfolio	\$ 250,000
Advisors Asset Management† Credit Opportunities Portfolio	\$ 250,000
AFAM Capital, Inc. † Innealta Capital Tactical ETF Country Rotation Core	\$ 100,000
AFAM Capital, Inc. † Innealta Capital Tactical ETF Sector Rotation Core	\$ 100,000
Affinity Investment Advisors, LLC Core Equity	\$ 100,000
Affinity Investment Advisors, LLC Value Equity	\$ 100,000
AllianceBernstein L.P.† AllianceBernstein Municipal High Quality SMA	\$ 250,000
AllianceBernstein L.P.† Global Value (ADR)	\$ 100,000
AllianceBernstein L.P.† International Value (ADR)	\$ 50,000
Allianz Global Investors U.S. LLC Allianz Disciplined US Core Equity	\$ 100,000
Allianz Global Investors U.S. LLC Allianz Focused Growth	\$ 100,000
Allianz Global Investors U.S. LLC NFJ All Cap Value	\$ 100,000
Allianz Global Investors U.S. LLC NFJ Dividend Value Equity	\$ 100,000
Allianz Global Investors U.S. LLC NFJ Large Cap Value	\$ 100,000
Allianz Global Investors U.S. LLC NFJ Small Cap Value Managed Account (Transfers Only)	\$ 100,000
Alta Capital Management LLC All Cap Quality Growth	\$ 150,000
Alta Capital Management LLC Large Cap Quality Growth	\$ 150,000
Anchor Capital Advisors, LLC All Cap Value	\$ 100,000
Anchor Capital Advisors, LLC Balanced Value	\$ 100,000
Anchor Capital Advisors, LLC Mid Cap Value	\$ 75,000
Anchor Capital Advisors, LLC Small Cap Value	\$ 100,000
Appleton Partners, Inc.† Intermediate Government Credit (Taxable)	\$ 500,000
Appleton Partners, Inc.† Intermediate Municipal Fixed Income	\$ 500,000
Appleton Partners, Inc.† Short-Term Municipal Fixed Income	\$ 500,000
Ariel Investments Mid Cap Value	\$ 100,000
Ariel Investments Small-Mid Cap Value	\$ 100,000
Aristotle Capital Management, LLC† International Value	\$ 150,000
Ashfield Capital Partners, LLC Ashfield Large Cap Growth	\$ 100,000
Ashfield Capital Partners, LLC Ashfield Tax-Aware Large Cap Growth	\$ 100,000
Ashfield Capital Partners, LLC Dividend Growth Large Cap Equity	\$ 100,000

<b>Portfolio Managers and Styles as of February 17, 2015</b>	<b>Minimum</b>
Aston Asset Management LLC Diversified Equity	\$ 100,000
Aston Asset Management LLC Fairpointe Mid Cap Core	\$ 100,000
Atalanta Sosnoff Capital, LLC Large Cap Balanced	\$ 100,000
Atalanta Sosnoff Capital, LLC Large Cap Core	\$ 50,000
Atlanta Capital Management Company Calvert/Atlanta High Quality Socially Responsible	\$ 100,000
Atlanta Capital Management Company High Quality Growth Plus	\$ 100,000
Atlanta Capital Management Company High Quality Small Cap (Hard Close-Trans Only)	\$ 100,000
BlackRock Investment Management, LLC† Capital Appreciation SMA	\$ 100,000
BlackRock Investment Management, LLC† Equity Dividend	\$ 50,000
BlackRock Investment Management, LLC† Intermediate Municipal Bond	\$ 250,000
BlackRock Investment Management, LLC† Large Cap Core	\$ 50,000
BlackRock Investment Management, LLC† Large Cap Value Equity	\$ 50,000
BlackRock Investment Management, LLC† Long Term Municipal Bond	\$ 250,000
BlackRock Investment Management, LLC† US Equity Large Cap Growth	\$ 100,000
Boyd Watterson Asset Management, LLC† All ETF Ultra Enhanced Core SMA	\$ 100,000
Boyd Watterson Asset Management, LLC† Diversified Income Strategies	\$ 500,000
Boyd Watterson Asset Management, LLC† Intermediate Municipal (National)	\$ 200,000
Boyd Watterson Asset Management, LLC† Intermediate Municipal (State Specific)	\$ 200,000
Boyd Watterson Asset Management, LLC† Investment Grade Core SMA	\$ 500,000
Boyd Watterson Asset Management, LLC† Investment Grade Intermediate SMA	\$ 250,000
Boyd Watterson Asset Management, LLC† Ultra Enhanced Core SMA	\$ 500,000
Brandes Investment Partners, L.P.† Emerging Markets Opportunities Equity	\$ 100,000
Brandes Investment Partners, L.P.† European Equity	\$ 100,000
Brandes Investment Partners, L.P.† Global Balanced	\$ 100,000
Brandes Investment Partners, L.P.† Global Equity	\$ 100,000
Brandes Investment Partners, L.P.† Global Mid Cap Equity	\$ 100,000
Brandes Investment Partners, L.P.† Int'l Equity	\$ 100,000
Brandes Investment Partners, L.P.† U.S. All Cap Value Equity	\$ 100,000
Brandywine Global Investment Management, LLC Brandywine Traditional Large Cap Value Equity Port.	\$ 100,000
BRC Investment Management, LLC BRC Large Cap Concentrated Equity	\$ 100,000
Breckinridge Capital Advisors, Inc. Intermediate Taxable	\$ 500,000
Breckinridge Capital Advisors, Inc. Intermediate Tax-Exempt Municipal National	\$ 500,000
Breckinridge Capital Advisors, Inc. Intermediate Tax-Exempt Municipal State Preferred	\$ 500,000
Buckhead Capital Management, LLC SMID Cap Value	\$ 100,000
Calamos Advisors LLC† All Cap Growth	\$ 100,000
Cambiar Investors, LLC International ADR	\$ 100,000
Cambiar Investors, LLC Large Cap Value	\$ 50,000
Cambridge Financial Group Core Equity	\$ 100,000
Cambridge Financial Group Large Cap Growth	\$ 100,000
Capstone Asset Management Co. Balanced Core	\$ 100,000

<b>Portfolio Managers and Styles as of February 17, 2015</b>	<b>Minimum</b>
Capstone Asset Management Co. Capstone Theta Growth (Covered Call)	\$ 150,000
Capstone Asset Management Co. Current Income Portfolio	\$ 100,000
Capstone Asset Management Co. Global Equity Income	\$ 100,000
Capstone Asset Management Co. Intermediate Fixed Income	\$ 100,000
Capstone Asset Management Co. Large Cap Growth	\$ 100,000
Capstone Asset Management Co. Municipal Fixed Income	\$ 100,000
Capstone Asset Management Co. Total Return Fixed Income	\$ 100,000
Carl Domino, Inc. Large Cap Value Equity	\$ 100,000
Chilton Capital Management LLC Chilton Capital REIT	\$ 100,000
Chilton Capital Management LLC Growth Equity	\$ 100,000
Cincinnati Asset Management Broad Market Bond (1/3 High Yield - 2/3 Investment Grade)	\$ 300,000
Cincinnati Asset Management High Yield Bond	\$ 100,000
Cincinnati Asset Management Investment Grade Bond	\$ 100,000
Coho Partners, Ltd. Coho Relative Value Equity	\$ 100,000
Columbia Management Investment Advisers, LLC Columbia Dividend Income	\$ 100,000
Columbia Management Investment Advisers, LLC Columbia Select Large Cap Growth	\$ 100,000
Columbia Management Investment Advisers, LLC Columbia Select Large Cap Value	\$ 100,000
Columbia Management Investment Advisers, LLC Columbia Value & Restructuring	\$ 100,000
Congress Asset Management Balanced Growth	\$ 100,000
Congress Asset Management Fixed Income	\$ 100,000
Congress Asset Management Large Cap Growth	\$ 50,000
Congress Asset Management Mid Cap Growth	\$ 75,000
Congress Asset Management Multi-Cap Growth	\$ 100,000
Contravisory Investment Mgmt, Inc. Small Cap Core Equity	\$ 100,000
Contravisory Investment Mgmt, Inc. Strategic Equity	\$ 250,000
Cortland Associates, Inc. All-Cap Value	\$ 100,000
Crawford Investment Counsel, Inc. Dividend Growth Wrap	\$ 100,000
Cumberland Advisors Inc. Domestic Exchange Traded Funds	\$ 250,000
Cumberland Advisors Inc. Total Return Taxable Bond	\$ 500,000
Cumberland Advisors Inc. Total Return Tax-Free Municipal	\$ 500,000
Dana Investment Advisors† All Cap Core	\$ 100,000
Dana Investment Advisors† Balanced Core	\$ 250,000
Dana Investment Advisors† Dana Catholic Socially Responsible Strategy	\$ 100,000
Dana Investment Advisors† Large Cap Blend	\$ 100,000
Dana Investment Advisors† Large Cap Growth	\$ 100,000
Dana Investment Advisors† Large Cap Value	\$ 100,000
Dana Investment Advisors† Municipal Bond	\$ 250,000
Dana Investment Advisors† Socially Responsible	\$ 100,000
Dana Investment Advisors† Taxable Fixed Income	\$ 250,000
Davis Selected Advisers, L.P. All Cap Core	\$ 100,000

<b>Portfolio Managers and Styles as of February 17, 2015</b>	<b>Minimum</b>
Davis Selected Advisers, L.P. Large Cap Value	\$ 100,000
Davis Selected Advisers, L.P. Real Estate Sector	\$ 100,000
Dearborn Partners L.L.C. Core Rising Dividend	\$ 100,000
Dearborn Partners L.L.C. High and Rising Dividend	\$ 100,000
del Rey Global Investors, LLC International Equity ADR WRAP	\$ 250,000
Delaware Investments† Focus Non US	\$ 100,000
Delaware Investments† International Equity ADR	\$ 100,000
Delaware Investments† Large Cap Growth	\$ 100,000
Delaware Investments† Large Cap Value	\$ 100,000
Denver Investments U.S. Small Cap Value Equity	\$ 100,000
Dreman Value Management Large Cap Value Equity	\$ 100,000
Eagle Asset Management† All Cap Value	\$ 100,000
Eagle Asset Management† Core Fixed Income	\$ 200,000
Eagle Asset Management† Equity Income	\$ 100,000
Eagle Asset Management† High Quality Tax Free Bonds	\$ 200,000
Eagle Asset Management† High Quality Taxable Bonds	\$ 200,000
Eagle Asset Management† Large Cap Core	\$ 100,000
Eagle Asset Management† Large Cap Value	\$ 100,000
Eagle Asset Management† Mid Cap Growth	\$ 100,000
Eagle Asset Management† Select Balanced Large Cap Core	\$ 100,000
Eagle Asset Management† Short Term Conservative Bonds	\$ 2,000,000
Eagle Asset Management† Small Cap Growth (Transfer Only)	\$ 100,000
Eagle Asset Management† Small-Mid Cap Core	\$ 100,000
Eagle Asset Management† Special Fixed Income	\$ 350,000
Eagle Asset Management† Strategic Income	\$ 250,000
Eagle Asset Management† Taxable Managed Income Solutions	\$ 500,000
Eagle Asset Management† US Fixed Income Total Return Gov/Corp Bonds	\$ 500,000
Eagle Boston Investment Mgmt., Inc. Small Cap Equity	\$ 100,000
Eaton Vance Management† Eagle Global International (ADR)	\$ 100,000
Eaton Vance Management† Eaton Vance MSP	\$ 200,000
Eaton Vance Management† Eaton Vance State Specific Municipal (Short Term)	\$ 250,000
Eaton Vance Management† Large Cap Growth	\$ 100,000
Eaton Vance Management† Large Cap Value	\$ 100,000
Eaton Vance Management† National Municipal (Int. Term)	\$ 250,000
Eaton Vance Management† National Municipal (Long Term)	\$ 250,000
Eaton Vance Management† National Municipal (Short Term)	\$ 250,000
Eaton Vance Management† State Specific Muni (Long Term)	\$ 250,000
Eaton Vance Management† State Specific Municipal (Int. Term)	\$ 250,000
Equity Investment Corporation All Cap Value (Transfers only)	\$ 100,000
Equity Investment Corporation Large Cap Value	\$ 50,000



<b>Portfolio Managers and Styles as of February 17, 2015</b>	<b>Minimum</b>
Equity Investment Corporation Mid Cap Value	\$ 100,000
Estabrook Capital Management, LLC Balanced	\$ 100,000
Estabrook Capital Management, LLC Large Cap Core	\$ 100,000
Estabrook Capital Management, LLC Socially Responsible	\$ 100,000
Farr, Miller & Washington LLC Large Cap Growth	\$ 100,000
Fayez Sarofim & Co. Large Cap Core	\$ 100,000
Federated Investment Counseling Strategic Value Dividend	\$ 100,000
First Trust Advisors, LP First Trust Advisors Large Cap Core	\$ 100,000
First Trust Advisors, LP First Trust Advisors Small Cap Core	\$ 75,000
First Trust Advisors, LP FTA/Ibbotson 60/40 - MDA Conservative Growth	\$ 100,000
First Trust Advisors, LP FTA/Ibbotson 75/25 - MDA Moderate Growth	\$ 100,000
Forward Management, LLC† (Broadmark) Forward Tactical Growth Portfolio	\$ 100,000
Forward Management, LLC† Global Dividend	\$ 100,000
Forward Management, LLC† International Dividend	\$ 100,000
Forward Management, LLC† Small Mid Core	\$ 100,000
Forward Management, LLC† U.S. Dividend	\$ 100,000
Fox Asset Management† Balanced Value	\$ 100,000
Fox Asset Management† Concentrated All Cap Value	\$ 100,000
Fox Asset Management† Intermediate Term Bonds	\$ 100,000
Fox Asset Management† Large Cap Value	\$ 100,000
Fox Asset Management† Mid Cap Value	\$ 100,000
Fox Asset Management† NGC Dividend Yield	\$ 100,000
Fox Asset Management† Small Cap Value	\$ 100,000
Franklin Separately Managed Accounts Franklin Intermediate Fixed Income SMA	\$ 100,000
Franklin Separately Managed Accounts Franklin Intermediate Municipal SMA	\$ 250,000
Frantzen Capital Management, Inc. Growth & Income	\$ 100,000
Frantzen Capital Management, Inc. Large Cap Growth	\$ 100,000
Frantzen Capital Management, Inc. Small Cap Growth	\$ 100,000
Fred Alger Management, Inc. Capital Appreciation	\$ 100,000
Fred Alger Management, Inc. Large Cap Growth	\$ 100,000
Fred Alger Management, Inc. Mid-Cap Growth	\$ 100,000
Fred Alger Management, Inc. Small Cap Growth (Closed-Transfers Only)	\$ 100,000
Fred Alger Management, Inc. SMid Cap Growth	\$ 100,000
Gannett Welsh & Kotler, LLC Core Bond Fixed Income	\$ 250,000
Gannett Welsh & Kotler, LLC Diversified Equity	\$ 250,000
Gannett Welsh & Kotler, LLC Enhanced Core - Taxable Fixed Income	\$ 250,000
Gannett Welsh & Kotler, LLC Intermediate Municipal Bond	\$ 250,000
Gannett Welsh & Kotler, LLC Short Term Municipal Bond	\$ 1,000,000
Gannett Welsh & Kotler, LLC Small Cap Core (Transfer Only)	\$ 75,000
Gannett Welsh & Kotler, LLC Small-Mid Cap Core	\$ 100,000

<b>Portfolio Managers and Styles as of February 17, 2015</b>	<b>Minimum</b>
Gannett Welsh & Kotler, LLC Total Return Bond	\$ 250,000
Geneva Advisors All Cap Growth	\$ 100,000
Geneva Advisors Equity Income	\$ 100,000
Geneva Advisors Large Cap Growth	\$ 100,000
Glenmede Investment Management, LP Aggregate Taxable Fixed Income	\$ 100,000
Glenmede Investment Management, LP Enhanced Cash Fixed Income	\$ 250,000
Glenmede Investment Management, LP Intermediate Bond Portfolio	\$ 100,000
Glenmede Investment Management, LP Large Cap Core Equity	\$ 100,000
Glenmede Investment Management, LP Large Cap Value	\$ 100,000
Glenmede Investment Management, LP Mid Cap Core	\$ 100,000
Glenmede Investment Management, LP Small Cap Core Concentrated	\$ 100,000
Glenmede Investment Management, LP Small Cap Core Equity	\$ 100,000
Glenmede Investment Management, LP Strategic Growth	\$ 100,000
GLOBALT Inc. innovatETF Strategies Balanced	\$ 100,000
GLOBALT Inc. innovatETF Strategies Conservative	\$ 100,000
GLOBALT Inc. innovatETF Strategies Growth	\$ 100,000
GLOBALT Inc. innovatETF Strategies High Growth	\$ 100,000
Gratry & Company International Growth Equity	\$ 100,000
Great Lakes Advisors, LLC Great Lakes Disciplined All Cap	\$ 75,000
Great Lakes Advisors, LLC Great Lakes Disciplined Large Cap	\$ 75,000
Great Lakes Advisors, LLC Great Lakes Disciplined SMID Cap	\$ 75,000
Great Lakes Advisors, LLC Great Lakes Disciplined Sustainable Responsible Large Cap	\$ 50,000
Great Lakes Advisors, LLC Great Lakes Disciplined Tax Managed All Cap	\$ 100,000
Great Lakes Advisors, LLC Great Lakes Disciplined Tax Managed Large Cap	\$ 100,000
Haverford Financial Services Global	\$ 100,000
Haverford Financial Services Intermediate Gov/Credit	\$ 100,000
Haverford Financial Services Municipal	\$ 100,000
Haverford Financial Services Quality Dividend Value	\$ 100,000
Haverford Financial Services Quality Growth	\$ 100,000
Hays Advisory, LLC Long Term Growth	\$ 100,000
Hays Advisory, LLC Moderate Growth Balanced	\$ 100,000
Hays Advisory, LLC Tactical Multi-Asset Class	\$ 100,000
Hays Advisory, LLC Tactical Multi-Asset Class Equity Focused	\$ 100,000
HGK Asset Management Large Cap Value	\$ 50,000
Invesco Advisers, Inc.† Invesco Global Equity	\$ 100,000
Invesco Advisers, Inc.† Invesco International ADR Growth	\$ 500,000
Invesco Advisers, Inc.† Invesco Large Cap Core	\$ 100,000
Invesco Advisers, Inc.† Invesco Mid Cap Core	\$ 100,000
Invesco Advisers, Inc.† Invesco Real Estate Securities	\$ 50,000
Invesco Advisers, Inc.† Invesco Van Kampen Large Cap Value	\$ 100,000

<b>Portfolio Managers and Styles as of February 17, 2015</b>	<b>Minimum</b>
Investment Management of Virginia Large Cap Balanced Portfolio	\$ 250,000
Investment Management of Virginia Large Capitalization Core Equity	\$ 250,000
JAG Capital Management, LLC† Enhanced Core Fixed Income	\$ 500,000
JAG Capital Management, LLC† Large Cap Growth	\$ 100,000
James Capital Alliance 60+ All Cap Balanced	\$ 100,000
James Capital Alliance Balanced All Cap	\$ 100,000
James Capital Alliance Conservative All Cap Balanced	\$ 100,000
John Hancock Asset Management Dividend Performers	\$ 50,000
John Hancock Asset Management Dividend Performers - Balanced	\$ 100,000
John Hancock Asset Management Dividend Performers Plus- Large Cap Core (Transfer Only)	\$ 100,000
John Hancock Asset Management International Value (ADR)	\$ 100,000
Kayne Anderson Rudnick Inv. Mgmt.† Intermediate Fixed	\$ 100,000
Kayne Anderson Rudnick Inv. Mgmt.† Large Cap Value	\$ 100,000
Kayne Anderson Rudnick Inv. Mgmt.† Mid Cap Core	\$ 100,000
Kayne Anderson Rudnick Inv. Mgmt.† Small Cap Core	\$ 100,000
Kayne Anderson Rudnick Inv. Mgmt.† Small Cap Quality Value	\$ 75,000
Kayne Anderson Rudnick Inv. Mgmt.† Small Cap Sustainable Growth	\$ 100,000
Kayne Anderson Rudnick Inv. Mgmt.† Small/Mid Cap Core	\$ 50,000
Keeley Asset Management Small Cap Value	\$ 500,000
King Investment Advisors, Inc. Balanced Multi Cap Core (60/40)	\$ 100,000
King Investment Advisors, Inc. Balanced Multi Cap Core (70/30)	\$ 100,000
King Investment Advisors, Inc. Large Cap Core	\$ 100,000
King Investment Advisors, Inc. Mid-Cap Core	\$ 100,000
King Investment Advisors, Inc. Multi Cap Core	\$ 100,000
King Investment Advisors, Inc. Small-Cap Core	\$ 100,000
Kopp Investment Advisors, LLC Balanced Blend	\$ 100,000
Kopp Investment Advisors, LLC TQM Blend	\$ 100,000
Kopp Investment Advisors, LLC TQM Core 40	\$ 100,000
Kovitz Investment Group, LLC Core Equity	\$ 100,000
Lateef Investment Management LP Large-Cap Growth Equity	\$ 75,000
Lazard Asset Management† Emerging Markets Equity Select (Transfer Only)	\$ 100,000
Lazard Asset Management† European Value	\$ 100,000
Lazard Asset Management† Global Balanced	\$ 100,000
Lazard Asset Management† Global Equity Select ADR	\$ 100,000
Lazard Asset Management† International Equity Select ADR	\$ 100,000
Lazard Asset Management† International Equity Select with Emerging Markets	\$ 100,000
Lazard Asset Management† Large Cap Value	\$ 100,000
Lazard Asset Management† U.S. Mid Cap Value	\$ 100,000
Lazard Asset Management† U.S. Strategic Equity	\$ 100,000
Legg Mason Private Portfolio Group, LLC† ClearBridge All Cap Value Portfolios	\$ 100,000

<b>Portfolio Managers and Styles as of February 17, 2015</b>	<b>Minimum</b>
Legg Mason Private Portfolio Group, LLC† ClearBridge Appreciation Portfolios	\$ 100,000
Legg Mason Private Portfolio Group, LLC† ClearBridge Multi Cap Growth Portfolios	\$ 100,000
Legg Mason Private Portfolio Group, LLC† ClearBridge ValueCore Global Equity Portfolios	\$ 100,000
Legg Mason Private Portfolio Group, LLC† ClearBridge ValueCore International Equity Portfolios	\$ 100,000
Legg Mason Private Portfolio Group, LLC† Legg Mason Balanced Income Portfolios	\$ 100,000
Legg Mason Private Portfolio Group, LLC† Legg Mason Diversified All Cap Portfolios (MDA5A)	\$ 100,000
Legg Mason Private Portfolio Group, LLC† Legg Mason Global All Cap Port-Balanced (MDA7A)	\$ 300,000
Legg Mason Private Portfolio Group, LLC† Legg Mason Global All Cap Portfolios (MDA7A)	\$ 300,000
Legg Mason Private Portfolio Group, LLC† Western Asset Current Market Muni Portfolio (State Specific)	\$ 100,000
Legg Mason Private Portfolio Group, LLC† Western Asset Gov/Corp Portfolios	\$ 100,000
Legg Mason Private Portfolio Group, LLC† Western Current Market Municipal (Natl)	\$ 100,000
Lockwood Asset Allocation Portfolio Lockwood Asset Allocation Model I	\$ 50,000
Lockwood Asset Allocation Portfolio Lockwood Asset Allocation Model II	\$ 50,000
Lockwood Asset Allocation Portfolio Lockwood Asset Allocation Model III	\$ 50,000
Lockwood Asset Allocation Portfolio Lockwood Asset Allocation Model IV	\$ 50,000
Lockwood Asset Allocation Portfolio Lockwood Asset Allocation Model V	\$ 50,000
Lockwood Investment Strategies Lockwood Strategies Model I / Traditional - Tax Deferred	\$ 250,000
Lockwood Investment Strategies Lockwood Strategies Model I / Traditional - Taxable	\$ 250,000
Lockwood Investment Strategies Lockwood Strategies Model II / Traditional - Tax Deferred	\$ 250,000
Lockwood Investment Strategies Lockwood Strategies Model II / Traditional - Taxable	\$ 250,000
Lockwood Investment Strategies Lockwood Strategies Model II Incl Alternative Investments	\$ 250,000
Lockwood Investment Strategies Lockwood Strategies Model III / Traditional - Tax Deferred	\$ 250,000
Lockwood Investment Strategies Lockwood Strategies Model III / Traditional - Taxable	\$ 250,000
Lockwood Investment Strategies Lockwood Strategies Model III Incl Alternative Investments	\$ 250,000
Lockwood Investment Strategies Lockwood Strategies Model IV / Traditional - Tax Deferred	\$ 250,000
Lockwood Investment Strategies Lockwood Strategies Model IV / Traditional - Taxable	\$ 250,000
Lockwood Investment Strategies Lockwood Strategies Model IV Incl Alternative Investments	\$ 250,000
Lockwood Investment Strategies Lockwood Strategies Model V / Traditional - Tax Deferred	\$ 250,000
Lockwood Investment Strategies Lockwood Strategies Model V / Traditional - Taxable	\$ 250,000
Lockwood Investment Strategies Lockwood Strategies Model V Incl Alternative Investments	\$ 250,000
Logan Capital Management, Inc. Concentrated Value	\$ 100,000
Logan Capital Management, Inc. Large Cap Growth	\$ 100,000
Logan Capital Management, Inc. Large Cap Growth (Large US)	\$ 100,000
Logan Capital Management, Inc. Logan Core Prudent Alpha Assertive	\$ 100,000
Logan Capital Management, Inc. Logan Prudent Alpha Moderate	\$ 100,000
Logan Capital Management, Inc. Value	\$ 100,000
Lord, Abbett & Co., LLC† Intermediate Municipals	\$ 250,000
Lord, Abbett & Co., LLC† Large Cap Value	\$ 50,000
Lord, Abbett & Co., LLC† Municipal Fixed Income	\$ 250,000
M&R Capital Management Core Value	\$ 100,000

<b>Portfolio Managers and Styles as of February 17, 2015</b>	<b>Minimum</b>
M&R Capital Management Core Value Balanced	\$ 100,000
Madison Investment Advisors, LLC† Corporate Bond	\$ 100,000
Madison Investment Advisors, LLC† Government Bond	\$ 100,000
Madison Investment Advisors, LLC† Large Cap Equity	\$ 50,000
Madison Investment Advisors, LLC† Limited Duration Government Bond	\$ 100,000
Madison Investment Advisors, LLC† Mid Cap Core Equity	\$ 75,000
Madison Investment Advisors, LLC† Taxable Fixed Income - A or Better	\$ 100,000
Mastrapasqua Asset Management Large Cap Core Equity	\$ 100,000
Mastrapasqua Asset Management Large Cap Growth	\$ 100,000
Mastrapasqua Asset Management Small/Mid Cap Core Equity	\$ 100,000
McDonnell Investment Management, LLC† Core Aggregate (Fixed Income)	\$ 1,000,000
McDonnell Investment Management, LLC† Government/Credit (Fixed Income)	\$ 250,000
McDonnell Investment Management, LLC† Medium Term Muni Bond (10 Year)	\$ 100,000
McDonnell Investment Management, LLC† Municipal Bonds - National	\$ 250,000
Mench Financial, Inc. Balanced Sector Enhanced	\$ 100,000
Mench Financial, Inc. Capital Preservation and Income Sector Enhanced	\$ 100,000
Mench Financial, Inc. Global Sector Enhanced	\$ 100,000
Miller Howard Investments Inc. Income Equity	\$ 50,000
Miller Howard Investments Inc. Income Equity - Non MLP	\$ 50,000
Miller Howard Investments Inc. Miller/Howard Infrastructure	\$ 50,000
Miller Howard Investments Inc. Miller/Howard Utilities Plus	\$ 100,000
Miller Howard Investments Inc. Rising Dividends Plus	\$ 100,000
Montag & Caldwell, LLC† Large Cap Growth	\$ 50,000
Montag & Caldwell, LLC† Mid Cap Growth	\$ 100,000
Morris Capital Advisors, Inc. Large Cap Core	\$ 100,000
Morris Capital Advisors, Inc. Large Cap Growth	\$ 100,000
Morris Capital Advisors, Inc. Small Cap Growth	\$ 100,000
Mount Lucas Management, LP MLM US Focused Equity	\$ 250,000
Navellier & Associates All Cap Core	\$ 100,000
Navellier & Associates International Growth	\$ 100,000
Navellier & Associates Large Cap Growth	\$ 100,000
Navellier & Associates Mid Cap Growth	\$ 100,000
Navellier & Associates Power Dividend	\$ 100,000
Navellier & Associates Small-Mid Cap Growth	\$ 100,000
Neuberger Berman Fixed Income, LLC† Core Fixed Income	\$ 250,000
Neuberger Berman Fixed Income, LLC† Intermediate Maturity Fixed Income	\$ 250,000
Neuberger Berman Fixed Income, LLC† Tax-Exempt Intermediate Maturity Fixed Income	\$ 250,000
Neuberger Berman, LLC† All Cap Opportunistic Growth & Income Taxable	\$ 100,000
Neuberger Berman, LLC† All Cap Opportunistic Growth and Income Non-Taxable	\$ 100,000
Neuberger Berman, LLC† International ADR	\$ 50,000

<b>Portfolio Managers and Styles as of February 17, 2015</b>	<b>Minimum</b>
Neuberger Berman, LLC† Large Cap Disciplined Growth	\$ 50,000
Neuberger Berman, LLC† Select Equities	\$ 50,000
Neuberger Berman, LLC† SRI Equity (Socially Responsive Investing)	\$ 100,000
New Amsterdam Partners LLC Large Cap Core	\$ 100,000
Newgate Capital Management LLC Emerging Markets	\$ 50,000
Newgate Capital Management LLC Global Resources	\$ 50,000
NGAM Advisors, L.P.† Active Inv. Advisors S&P International ADR	\$ 100,000
NGAM Advisors, L.P.† Active Investment Advisors S&P 1500 All Cap Core	\$ 100,000
NGAM Advisors, L.P.† Active Investment Advisors S&P 400 Mid Cap Core	\$ 100,000
NGAM Advisors, L.P.† Active Investment Advisors S&P 500 Large Cap Core	\$ 100,000
NGAM Advisors, L.P.† Active Investment Advisors S&P 600 Small Cap Core	\$ 100,000
NGAM Advisors, L.P.† Active Investment Advisors S&P Global	\$ 100,000
NGAM Advisors, L.P.† AEW Diversified REIT Strategy	\$ 50,000
NGAM Advisors, L.P.† Loomis Intermediate Term Bond Strategy	\$ 100,000
NGAM Advisors, L.P.† NGAM/Vaughn Nelson Value Opportunity	\$ 100,000
Northern Trust Investments, Inc. Balanced	\$ 100,000
Northern Trust Investments, Inc. International Equity ADR	\$ 100,000
Northern Trust Investments, Inc. Large Cap Growth	\$ 100,000
Northern Trust Investments, Inc. Large Cap Value	\$ 100,000
Northroad Capital Management LLC Global Equity	\$ 100,000
Northroad Capital Management LLC International Equity	\$ 100,000
Nuveen Asset Management, LLC† Limited Maturity Municipal Bond	\$ 250,000
Nuveen Asset Management, LLC† Limited Maturity Municipal Bond- State Preferred	\$ 250,000
Nuveen Asset Management, LLC† Limited Maturity Municipal Bond- State Specific	\$ 250,000
Nuveen Asset Management, LLC† Long Term Municipal Bond	\$ 250,000
Nuveen Asset Management, LLC† Long Term Municipal Bond - State Specific	\$ 250,000
Nuveen Asset Management, LLC† Long-Term Municipal Bond - State Preferred	\$ 250,000
Nuveen Asset Management, LLC† Municipal Bonds - National	\$ 150,000
Nuveen Asset Management, LLC† Municipal Bonds - State Preference	\$ 250,000
Nuveen Asset Management, LLC† Municipal Bonds - State Specific	\$ 250,000
Nuveen Asset Management, LLC† Preferred Securities	\$ 100,000
NWQ Investment Management Co., LLC† Balanced Large Cap Value	\$ 100,000
NWQ Investment Management Co., LLC† Large Cap Value	\$ 100,000
NYLIM† - Mackay Shields LLC Convertible Securities	\$ 100,000
Oak Ridge Investments, LLC All Cap Growth	\$ 100,000
Oak Ridge Investments, LLC Large Cap Growth	\$ 100,000
Oak Ridge Investments, LLC Mid Cap Growth	\$ 100,000
Oak Ridge Investments, LLC Small-Mid Cap Growth	\$ 75,000
Pacific Income Advisers† Limited Duration SMA	\$ 100,000
Pacific Income Advisers† Market Duration SMA	\$ 100,000



<b>Portfolio Managers and Styles as of February 17, 2015</b>	<b>Minimum</b>
Pacific Income Advisers† Moderate Duration SMA	\$ 100,000
Pacific Income Advisers† Short Term Govt/Corp	\$ 10,000,000
Parametric Portfolio Associates Eaton Vance/Parametric Tax Managed Large Cap Value	\$ 250,000
Parametric Portfolio Associates Tax Aware Large Cap Core	\$ 250,000
Parametric Portfolio Associates Tax Managed Blue Chip	\$ 250,000
Parametric Portfolio Associates Tax Managed Broad Market Core	\$ 250,000
Parametric Portfolio Associates Tax Managed MSP	\$ 250,000
Parametric Portfolio Associates Tax Transition Broad Market Core	\$ 250,000
Parametric Portfolio Associates Tax Transition Large Cap Core	\$ 250,000
Parametric Portfolio Associates Tax-Transition Large Cap Value	\$ 250,000
Penn Capital Management† Mid Cap Core	\$ 75,000
Penn Capital Management† Small Cap Core (Transfer Only)	\$ 75,000
Penn Capital Management† Small-Mid Cap Core	\$ 75,000
Philadelphia International Advisors† International Equity	\$ 50,000
Philadelphia International Advisors† Tax Aware International Equity	\$ 100,000
Polen Capital Management, LLC† Large Cap Growth	\$ 50,000
Quantum Capital Management Quantum Dividend Growth	\$ 100,000
Quantum Capital Management Quantum Principal Safety	\$ 100,000
Reaves Asset Management† Long Term Value (Utility/Energy Infrastructure)	\$ 50,000
Reinhart Partners, Inc. Active Intermediate Fixed Income	\$ 100,000
Reinhart Partners, Inc. All Cap Equity	\$ 100,000
Reinhart Partners, Inc. Limited Duration Fixed Income	\$ 100,000
Reinhart Partners, Inc. Mid Cap Private Market Value	\$ 100,000
Renaissance Investment Management Large Cap Growth	\$ 50,000
Riverbridge Partners, LLC All Cap Growth	\$ 100,000
Riverbridge Partners, LLC Eco Leaders Growth Portfolio	\$ 75,000
Riverbridge Partners, LLC Large Cap Growth	\$ 100,000
Riverbridge Partners, LLC Small Cap Growth (Transfer Only)	\$ 100,000
Riverfront Investment Group LLC† Conservative Income Builder	\$ 200,000
Riverfront Investment Group LLC† Dynamic Equity Income	\$ 200,000
Riverfront Investment Group LLC† ETF Conservative Income Builder	\$ 100,000
Riverfront Investment Group LLC† ETF Dynamic Equity Income	\$ 100,000
Riverfront Investment Group LLC† ETF Global Allocation	\$ 100,000
Riverfront Investment Group LLC† ETF Global Growth	\$ 100,000
Riverfront Investment Group LLC† ETF Moderate Growth & Income	\$ 100,000
Riverfront Investment Group LLC† Global Allocation	\$ 200,000
Riverfront Investment Group LLC† Global Growth	\$ 200,000
Riverfront Investment Group LLC† Large Cap Core	\$ 100,000
Riverfront Investment Group LLC† Moderate Growth & Income	\$ 200,000
Riverfront Investment Group LLC† Small Mid Cap Core	\$ 100,000

<b>Portfolio Managers and Styles as of February 17, 2015</b>	<b>Minimum</b>
RNC Genter Capital Management† Dividend Income	\$ 100,000
RNC Genter Capital Management†t Municipal Quality Intermediate Term	\$ 250,000
RNC Genter Capital Management† Municipal Short-Term	\$ 250,000
RNC Genter Capital Management† Short-Term US Government	\$ 250,000
RNC Genter Capital Management† Taxable Quality Intermediate Bond	\$ 250,000
Rothschild Asset Management Large Cap Core	\$ 100,000
Rushmore Investment Advisors, Inc. Large Cap Growth Equity	\$ 100,000
Santa Barbara Asset Management, LLC Dividend Growth	\$ 50,000
Schafer Cullen Capital Management High Dividend Equity	\$ 100,000
Schafer Cullen Capital Management International High Dividend (ADR)	\$ 500,000
Schafer Cullen Capital Management Multi Cap Value	\$ 100,000
Schafer Cullen Capital Management Small Cap Value	\$ 100,000
SeaCap Investment Advisors† Enhanced Cash	\$ 2,000,000
SeaCap Investment Advisors† Intermediate Municipal Fixed Income	\$ 500,000
SeaCap Investment Advisors† Intermediate Taxable Fixed Income	\$ 500,000
Segall, Bryant & Hamill All Cap Core	\$ 100,000
Segall, Bryant & Hamill Core Fixed Income	\$ 5,000,000
Segall, Bryant & Hamill Intermediate Fixed Income	\$ 5,000,000
Segall, Bryant & Hamill Mid Cap Equity	\$ 100,000
SFE Investment Counsel Inc. SFE All Cap Growth & Income Strategy	\$ 250,000
SFE Investment Counsel Inc. SFE Pathways (SRI) All-Cap	\$ 250,000
SMC Fixed Income Management, LP Municipal Intermediate	\$ 1,000,000
SMC Fixed Income Management, LP Municipal Managed Money	\$ 1,000,000
SMH Capital Adv., Inc. † Diversified Fixed Income	\$ 200,000
SMH Capital Adv., Inc. † High Yield	\$ 200,000
Symphony Asset Management, LLC International	\$ 100,000
Symphony Asset Management, LLC Low Volatility Equity	\$ 100,000
Tactical Allocation Group, LLC Tactical Moderate	\$ 100,000
TCW Investment Management Company Concentrated Core Equity	\$ 100,000
TCW Investment Management Company Growth Equities	\$ 100,000
TCW Investment Management Company Large Cap Balanced Growth	\$ 100,000
TCW Investment Management Company Large Cap Concentrated Value	\$ 50,000
TCW Investment Management Company Large Cap Value	\$ 100,000
TCW Investment Management Company Small Cap Growth	\$ 100,000
TCW Investment Management Company TCW Relative Value Balanced	\$ 100,000
TCW Investment Management Company TCW Relative Value Large Cap	\$ 50,000
TCW Investment Management Company TCW Relative Value Mid Cap	\$ 100,000
Templeton Separately Managed Accounts† Templeton Global Equity SMA	\$ 50,000
Templeton Separately Managed Accounts† Templeton International Equity SMA	\$ 50,000
The Roosevelt Investment Group, Inc. All Cap Core	\$ 75,000



<b>Portfolio Managers and Styles as of February 17, 2015</b>	<b>Minimum</b>
Thompson, Siegel & Walmsley LLC Mid Cap Value	\$ 100,000
Thornburg Investment Management, Inc. † Intermediate Muni Wrap	\$ 2,000,000
Thornburg Investment Management, Inc. † Limited Term Muni Wrap	\$ 2,000,000
Thornburg Investment Management, Inc. † Thornburg Domestic Equity Strategy	\$ 100,000
Thornburg Investment Management, Inc. † Thornburg International ADR Strategy	\$ 100,000
Tocqueville Asset Management, L.P. Multi-Cap Core	\$ 100,000
Tocqueville Asset Management, L.P. Small Cap Core	\$ 50,000
Tower Bridge Advisors, Inc. TBA Large Cap Garp	\$ 100,000
Tradewinds Global Investors, LLC† Global (ADR) (Closed-Transfers Only)	\$ 100,000
Tradewinds Global Investors, LLC† International Value Equity (ADR) (Transfer Only)	\$ 100,000
Tradewinds Global Investors, LLC† Small/Mid Cap Value (Transfers Only)	\$ 100,000
Tradition Capital Management, LLC All Cap Advantage	\$ 250,000
Trevor Stewart Burton & Jacobsen Inc. Equity Portfolio aka Top Down Equity	\$ 250,000
Trevor Stewart Burton & Jacobsen Inc. Fixed Income - Active Duration Fixed Income	\$ 250,000
ValueWorks LLC Large Cap Value	\$ 50,000
ValueWorks LLC Large Cap Value Balanced	\$ 100,000
Victory Capital Management Large Cap Growth	\$ 100,000
Victory Capital Management Victory Diversified Equity: Large Cap Core	\$ 50,000
WCM Investment Management† Focused Growth Equity	\$ 100,000
WCM Investment Management† Focused Growth International	\$ 100,000
Wells Fargo Funds Management, LLC Fdmtl Large Cap Select Growth Equity	\$ 50,000
Wells Fargo Funds Management, LLC Fundamental All Cap Growth	\$ 100,000
Wells Fargo Funds Management, LLC Heritage Large Cap Growth	\$ 100,000
Wells Fargo Funds Management, LLC U.S. Equity All Cap	\$ 100,000
White Pine Capital, LLC Small Cap Growth	\$ 250,000
WHV Investment Management, Inc. International Equity	\$ 50,000
William Blair & Co. LLC† All Cap Growth	\$ 100,000
William Blair & Co. LLC† International Equity	\$ 100,000
William Blair & Co. LLC† Large Cap Growth	\$ 100,000
Wood Asset Management Large Cap Value Equity	\$ 100,000
Yorkville Capital Management, LLC Yorkville MLP Core Income Strategy	\$ 250,000
Zacks Investment Management, Inc. Zacks Dividend Strategy	\$ 100,000
Zacks Investment Management, Inc. Zacks Rank Strategy	\$ 75,000
Ziegler Capital Management, LLC Large Cap Value Dividend Select	\$ 100,000
Ziegler Capital Management, LLC Mid Cap Core	\$ 100,000
Ziegler Capital Management, LLC Red Granite Large Cap Growth	\$ 100,000

† Lockwood is aware that this Portfolio Manager trades away from Pershing for certain investment styles. Additional Portfolio Managers in the Program may trade away presently or in the future.

## EXHIBIT B

### Schedule of Available Model Strategies

as of February 17, 2015

Models	Minimum Investment	Manager Fee
<u>Blackrock Investment Management, LLC</u> <ul style="list-style-type: none"> <li>• Target Income – Moderate Income Active/Index</li> <li>• Target Income – Core Income Active/Index</li> <li>• Target Income – High Income Active/Index</li> <li>• Target Income – Aggressive Income Active/Index</li> </ul>	\$25,000	10 bps
<u>Morningstar Investment Services, Inc.</u> <ul style="list-style-type: none"> <li>• Retirement Income Long Range</li> <li>• Retirement Income Mid Range</li> <li>• Retirement Income Short Range,</li> <li>• Retirement Income Ultra-Short Range</li> </ul>	\$50,000	25 bps
<u>Newfound Research LLC</u> <ul style="list-style-type: none"> <li>• Multi-Asset Income</li> <li>• Risk Managed Global Sectors</li> <li>• Total Return</li> <li>• Tailwinds (Conservative)</li> <li>• Tailwinds (Moderate)</li> <li>• Tailwinds (Growth)</li> </ul>	\$50,000	50 bps

Models	Minimum Investment	Manager Fee
<u>Russell Investments</u> <ul style="list-style-type: none"> <li>• Conservative Model Strategy</li> <li>• Moderate Model Strategy</li> <li>• Balanced Model Strategy</li> <li>• Growth Model Strategy</li> <li>• Equity Growth Model Strategy</li> <li>• Tax-Managed Conservative Model Strategy</li> <li>• Tax-Managed Moderate Model Strategy</li> <li>• Tax-Managed Balanced Model Strategy</li> <li>• Tax-Managed Growth Model Strategy</li> <li>• Tax-Managed Equity Growth Model Strategy</li> </ul>	\$25,000	0 bps
<u>Vanguard Advisers, Inc.</u> <ul style="list-style-type: none"> <li>• 100% Fixed Income</li> <li>• 20% Equity/ 80% Fixed Income</li> <li>• 40% Equity/ 60% Fixed Income</li> <li>• 60% Equity/ 40% Fixed Income</li> <li>• 80% Equity/ 20% Fixed Income</li> <li>• 100% Equity</li> </ul>	\$25,000	0 bps

## EXHIBIT C

### Risks Associated with Certain Investments

Despite the analysis undertaken by Lockwood's analysts and the Portfolio Managers, it is important to remember that all investments carry at least some degree of risk. Risk may include loss of some, or even all, of your investment. No particular type of investment, or approach to investing, is guaranteed to perform well, and there may be other investment vehicles, Sub-Advisers, Portfolio Managers or approaches not offered by Lockwood that may perform as well or better. You should consider these factors carefully before deciding to invest. The risks associated with certain investments are described below.

#### Absolute Return Strategies

Absolute return strategies use a variety of investment strategies, including long and short positions, in an effort to produce absolute (positive) returns regardless of general market conditions. Absolute return strategies may be invested in a variety of traditional and alternative asset classes. Absolute return strategies generally do not attempt to keep the portfolio structure or the fund's performance consistent with any designated stock, bond or market index, and during times of market rallies, absolute strategy funds may not perform as well as other funds that seek to outperform an index return. Because a significant portion of an absolute strategy fund's assets may be invested in a particular geographic region or country, the value of the fund's assets may fluctuate more than a fund with less exposure to such areas.

#### Alternative Investments and Derivatives

Alternative investments and derivatives, are often more volatile than other investments and may magnify the vehicle's gains and losses. A derivative is a security or contract (futures, options etc.) the value of which fluctuates with the value of another security (i.e., its value is "derived" from the value of another). An example would be a call option on a stock. The value of the option depends, in part, on the price of the stock. An investment vehicle that uses derivatives could be negatively affected if the change in market value of its securities fails to correspond as expected to the underlying securities. You should have a long-term investment horizon if you are considering these types of investments.

Alternative investment products are not for everyone and entail risks that are different from more traditional investments. Alternative investment strategies are intended for sophisticated investors and involve a high degree of risk, including, among other things, the risks inherent in investing in securities and derivatives, using leverage, and engaging in short sales. An investment in an alternative investment product or strategy is speculative and should not constitute a complete investment program. Diversification and strategic asset allocation do not assure a profit or protect against loss in declining markets.

The use of derivative instruments may involve leverage. Leverage is the risk associated with securities or practices that multiply small index, market or asset price movements into larger changes in value. Leverage may cause the fund to be more volatile than if it had not been leveraged, as certain types of leverage may exaggerate the effect of any increase or decrease in the value of the fund's portfolio securities. The loss on leveraged transactions may substantially exceed the initial investment.

The potential for a commodity investment vehicle to use derivative instruments, such as futures, options, and swap agreements, to achieve its investment objective may create additional risks that would not be present in the underlying securities themselves, thus raising the potential for greater investment loss.

### *Convertible Arbitrage Strategies*

Mutual funds that employ convertible arbitrage strategies seek to generate income by purchasing convertible securities and then selling short the securities' underlying stock. Investing in convertible securities involves risks, including the risk that the company issuing the debt security will be unable to repay principal and interest (default risk) and the risk that the debt security will decline in value if interest rates rise (interest rate risk). Convertible securities are subject to price fluctuations and may gain or lose value if sold prior to maturity. A majority of convertible securities trade on the over-the-counter market, which may make them more illiquid than other investments. Short selling involves significant risk, as an increase in the value of borrowed securities between the date of the short sale and date the borrowed security is replaced may expose the mutual fund to unlimited loss.

### *Corporate Fixed Income*

Investments in corporate fixed income securities are subject to a number of risks, including the possibility of issuer default, credit risk, market risk and call risk.

### *Covered Calls*

Mutual funds that engage in the selling (or writing) of covered calls may involve a high degree of risk and may not be suitable for all investors. For a call option that is sold (written), if that option is exercised, the upside potential is limited to the premium received plus the difference between its stock price and the stock purchase price. If the option is not exercised and expires out-of-the-money and with no value, the upside potential is any gain in share value plus the premium received. On the downside, limited protection is provided by the premium received from the call's sale. The loss potential may be substantial and is limited only by the stock declining to zero. Investors should read and understand the risks associated with options prior to engaging in any covered call strategy. These risks are more fully described in the booklet entitled "The Characteristics & Risks of Standardized Options", which can be accessed at [www.optionsclearing.com](http://www.optionsclearing.com).

### *Currency Carry Strategies*

Mutual funds that employ currency carry strategies seek to benefit from changes in the relative valuations of one currency to another currency, primarily through the buying and selling of over-the-counter (OTC) derivatives, such as currency spot, forward and non-deliverable forward contracts. This strategy may involve significant risk, as there is no exchange on which to trade over-the-counter derivatives and no standardization of contracts, which may make it difficult or impossible to value or liquidate an open position. The relationship between different currencies may be highly volatile, and transactions involving foreign currencies may entail risks not common to investments denominated entirely in a person's domestic currency. Such risks include the risks of political or economic policy changes in the foreign nation; the stability of foreign governments, banking systems and economies; the performance of global stock markets; interest rate levels; inflation; and any other conditions that may substantially and permanently alter the conditions, terms, marketability or price of a foreign currency. The market for some currencies may, at times, experience low trading volume and become illiquid, thus subjecting the mutual fund to added risk, including the potential for substantial loss.

### *Emerging Markets*

Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. The securities of issuers located or doing substantial business in emerging markets are often subject to rapid and large changes in price. In particular, emerging markets may have relatively unstable governments, present the risk of sudden adverse government or regulatory action and even nationalization of businesses restrictions on foreign ownership on prohibitions of repatriation of assets, and may have less protection of property rights than more developed countries. The economies of emerging market countries may be based predominantly on only a few industries and may be highly vulnerable to changes in local or global trade conditions, and may suffer from extreme debt burdens or volatile inflation rates. Local securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of substantial holdings difficult. Transaction settlement and dividend collection procedures also may be less reliable in emerging markets than in developed markets.

### *ETFs*

Investment vehicles used in the Managed Products may include ETFs. The Program Fees for the Managed Products do not include fees or expenses that may be associated with individual ETFs, including, but not limited to, the ETF sponsor fee, the trustee fee, ETF custodian's fee, stock exchange listing fees, SEC registration fees, printing and mailing costs, audit fees, legal fees, licensing fees, marketing expenses and other operating expenses. For more information on these expenses, refer to the ETFs prospectus. There are special risks associated with ETFs, such as:

- ETF shares are not individually redeemable.
- The market price of ETF shares may differ from the net asset value.
- An active trading market for ETF shares may not exist and if it does exist, it may not be maintained over time.
- Trading of ETF shares may be halted by regulators under certain circumstances.

Certain ETFs may have elected to be treated as partnerships for federal, state and local income tax purposes. Accordingly, if you own one of these ETFs, you will be taxed as a beneficial owner of an interest in a partnership. Tax information for such ETFs will be reported to you on an IRS Schedule K-1. You should consult your tax advisor in determining the tax consequences of any investment, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.

### *Exchange-Traded Notes*

Exchange-Traded Notes (“ETNs”). ETNs are a type of senior, unsecured, unsubordinated debt security of the issuing company. This type of debt security differs from other types of bonds and notes because ETN returns are based upon the performance of a market index minus applicable fees, no periodic coupon payments are distributed and no principal protection exists. Similar to ETFs, ETNs are generally traded on a securities exchange. Investors can also hold the debt security until maturity. At that time, the issuer is obligated to give the investor a cash amount that would be equal to the principal amount times the applicable index factor less investor fees. The index factor on any given day is a mathematical equation equal to the closing value of the underlying index on that day divided by the initial index level. The initial index level is the closing value of the underlying index on the creation/inception date of the note.

One significant risk factor that affects an ETN’s value is the credit of the issuer. ETNs are synthetic investment products that do not represent ownership of the securities of the indices they track, and are backed only by the issuer’s credit. The value of the ETN may drop despite no change in the underlying index due to the adverse change in issuer’s creditworthiness or in perceptions of the issuer’s creditworthiness. Another significant risk factor affecting ETNs is liquidity. Upon issuance, the ETNs may not have an established trading market. There is no assurance that a trading market for the notes will develop or, if one develops, that it will be maintained. Although the issuers of the notes may apply to list certain issuances of notes on a national securities exchange, the notes may not meet the requirements. Even if there is a secondary market, it may not provide liquidity. While the issuers of the notes may make a market for the notes, they are not required to do so. If the notes are not listed on any securities exchange and the issuers of the notes were to cease acting as a market maker in the notes, it is likely that there would be no secondary market for the notes. All of these factors impact the overall liquidity of the notes and may impact the price received upon disposition of the notes.

Additional risks of investing in ETNs include limited portfolio diversification, price fluctuations, issuer default, uncertain principal repayment, and uncertain federal income tax treatment. Clients should consult their tax advisor regarding tax treatment. Investing in ETNs is not equivalent to a direct investment in an index or index components. The

performance of the ETNs may vary from the actual performance of the underlying index and the performance of the underlying index components. By investing in ETNs, the owner does not have certain rights that investors in the underlying index or the underlying index components may have, such as stock voting rights. Upon sale or redemption of the ETN shares, the owner will be paid cash, and will have no right to receive delivery of any of the underlying index components or commodities or other assets underlying the index components. Similar to ETFs, ETNs have operating fees that will reduce the amount of return at maturity or on redemption, and as a result, the owner may receive less than the principal amount of its investment upon sale or redemption of an ETN, even if the value of the relevant index has increased.

### *Fixed Income*

Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, the risk of issuer default, liquidity risk and market risk. These risks can affect a security's price and yield to varying degrees, depending upon the nature of the instrument, and may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets. In general, a bond's yield is inversely related to its price. Bonds can lose their value as interest rates rise and an investor can lose principal. If sold prior to maturity, fixed income securities are subject to gains/losses based on the level of interest rates, market conditions and the credit quality of the issuer.

### *Floating Rate Loans*

Investment vehicles may include mutual funds and/or ETFs that invest in floating rate loans, which are subject to risks similar to those of below investment grade securities. The value of the collateral securing the loan may decline, causing a loan to be substantially unsecured. In addition, the sale and purchase of a bank loan are subject to the requirements of the underlying credit agreement governing such bank loan. These requirements may limit the eligible pool of potential bank loan holders by placing conditions or restriction on sales and purchases of bank loans. Bank loans are not traded on an exchange and purchasers and sellers of bank loans rely on market makers, usually the administrative agent for a particular bank loan, to trade bank loans. These factors, in addition to overall market volatility, may negatively impact the liquidity of loans. Difficulty in selling a floating rate loan may result in a loss. Borrowers may pay back principal before the scheduled due date when interest rates decline, which may require the mutual fund or ETF to replace a particular loan with a lower-yielding security. There may be less public information available with respect to loans than for rated, registered or exchange listed securities. The mutual fund or ETF may assume the credit risk of the administrative agent in addition to the borrower, and investments in loan assignments may involve the risks of being a lender.



### *Foreign Investments*

Foreign investments are subject to risks not ordinarily associated with domestic investments, such as currency, economic, and political risks, and may follow different accounting standards than domestic investments.

### *Futures*

Mutual funds that employ managed futures strategies typically utilize derivatives, such as futures, options, structured notes and swap agreements, which provide exposure to the price movements of a commodity (i.e., oil, grain, livestock) or a financial instrument (i.e., currency, index). This may expose the fund to additional risks that would not be present had the fund invested directly in the securities underlying those derivatives. Mutual funds that invest in commodity-linked derivatives may be subject to greater volatility, as the value of those derivatives may be affected by overall market movements, changes in interest rates and other factors such as weather, disease, embargoes and international economic and political developments, as well as the trading activity of speculators and arbitrageurs in the underlying commodities. This strategy may cause the mutual fund to invest a significant portion of assets in the securities of a single issuer. Changes in the market value of the issuer's securities may result in greater volatility than would otherwise occur in a more diversified mutual fund, thus increasing the potential for greater investment loss. Mutual funds that employ managed futures strategies may purchase shares of other pooled investments, such as ETFs. In addition to its own expenses, the mutual fund will also bear a portion of the ETFs expenses, which may negatively impact performance. A highly liquid secondary market may not exist for certain derivatives utilized by this strategy, and there can be no assurances that one will develop.

### *GNMA Securities*

Investments in GNMA securities involve fluctuation due to changing interest rates or other market conditions. Investors may experience a gain or loss due to prepayment of obligations and may receive back part of their investment before redemption.

### *Gold*

Investment vehicles may include ETFs that invest in gold bullion. The price of gold has fluctuated widely over the past several years. Several factors affect the price of gold, including: global supply and demand; global or regional political, economic or financial events and situations; investors' expectations with respect to the rate of inflation; currency exchange rates and interest rates. There is no assurance that gold will maintain its long-term value in terms of purchasing power in the future.

### *Health Sciences*

Portfolios may include mutual funds and/or ETFs that invest in health sciences companies, which are subject to a number of risks, including the adverse impact of legislative actions and government regulations. These actions and regulations can affect

the approval process for patents, medical devices and drugs, the funding of research and medical care programs, and the operation and licensing of facilities and personnel. The goods and services of health sciences companies are subject to risks of rapid technological change and obsolescence, product liability litigation, and intense price and other competitive pressures.

### *High Yield Bonds*

High yield (“junk”) bonds involve greater credit risk, including the risk of default, than investment grade bonds, and are considered predominantly speculative with respect to the issuer’s ability to make principal and interest payments. The prices of high yield bonds can fall dramatically in response to bad news about the issuer or its industry, or the economy in general.

### *Inflation-Indexed Bonds*

Inflation-indexed bonds are subject to a variety of risks including interest rate, credit, and inflation risk.

### *International Equity Small-Cap*

Investments in international equity small-cap securities involve additional risks, including foreign currency risk, political instability, foreign legal and accounting practices, increased volatility, and reduced liquidity often associated with securities of smaller companies.

### *Inverse and Leveraged ETFs*

Leveraged ETFs seek to deliver multiples of the performance of the index or benchmark they track. Inverse ETFs seek to deliver the opposite of the performance of the index or benchmark they track. Most leveraged and inverse ETFs “reset” daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets. Inverse or leveraged ETFs may engage in short sales, use swaps, use futures contracts and use other derivatives, which may expose the ETF to additional risks. Leveraged and inverse ETFs may be more costly than traditional ETFs. Leveraged or inverse ETFs may be less tax-efficient than traditional ETFs, in part because daily resets can cause the ETF to realize significant short-term capital gains that may not be offset by a loss. Investors should consult their tax advisor about the consequences of investing in a leveraged or inverse ETF. In addition, investors should read the prospectus for a leveraged or inverse ETF to understand the risks of investing.

### *Long Short Positions*

The use of long and short positions, may involve risks different from those normally associated with other types of investment vehicles, such as mutual funds. It is possible

that the fund's long positions will decline in value at the same time that the value of the securities sold short increases, thus raising the potential for greater investment loss. Market neutral investing, in using long and short positions, provides no guarantee that it will be successful in limiting the fund's exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Investment in a strategy involved in long and short selling may have higher portfolio turnover rates, which may result in additional tax consequences. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

### *Merger Arbitrage Strategies*

Mutual funds that employ merger arbitrage strategies seek to capitalize on "event"-driven situations, such as announced mergers, acquisitions and reorganizations, by purchasing the securities of companies that have agreed to be acquired by another company. This strategy involves risks, including the risk that the merger or similar transaction will not occur, will be renegotiated at a less attractive price or may take longer than expected to be completed, which may cause the price of the company's securities to decline significantly. Mutual funds that employ merger arbitrage strategies may experience significant portfolio turnover, generally resulting in additional transaction costs that may negatively impact fund performance. Mutual funds may also invest in the securities of a limited number of companies whereby a decline in the value of any one security may have a greater impact on the mutual fund's share price. This may result in increased volatility over a more diversified fund and the potential for greater investment loss.

### *Master Limited Partnerships*

Master Limited Partnerships (MLPs) are subject to certain risks, including limited control and limited rights to vote on matters affecting the partnership. In addition, conflicts may exist between common unit holders, subordinated unit holders, and the general partner of an MLP, including conflicts arising as a result of incentive distribution payments. Unit holders in MLPs will receive an Internal Revenue Service ("IRS") Schedule K-1 from the MLP, and information about the MLP will not be included in any Form 1099 received from the custodian. In addition, investors may need to file with the IRS for an extension to file their tax returns due to the timing of the issuance and mailing of the Schedule K-1 by the MLP. Unit holders of MLPs may be subject to complex tax requirements and such tax features may not be suitable for certain investors. Investors should consult with their tax advisors prior to investing in MLPs.

### *Micro-Cap Securities*

Micro-cap stocks may offer greater opportunity for capital appreciation than the stocks of larger and more established companies; however, they also involve substantially greater risks of loss and price fluctuations. Micro-cap companies carry additional risks because their earnings and revenues tend to be less predictable (and some companies may be experiencing significant losses), and their share prices tend to be more volatile and their markets less liquid than companies with larger market capitalizations. Micro-cap

companies may be newly formed or in the early stages of development, with limited product lines, markets or financial resources, and may lack management depth. In addition, there may be less public information available about these companies. The shares of micro-cap companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the ability to sell these securities. In addition, it may take a long time before the value of your investment realizes a gain, if any, on an investment in a micro-cap company.

#### *Mortgage-and Asset-Backed Securities*

Investments in mortgage-and/or asset-backed securities involve risk, including the risk of prepayment, which may affect the overall return of the investment. Only select deposit products and investments are guaranteed by the Federal Deposit Insurance Corporation (FDIC), and the credit quality of a particular security or group of securities does not ensure the stability or safety of the overall portfolio.

#### *Mutual Funds*

The Program Fees do not include fees or expenses, which may be associated with individual mutual funds, including, but not limited to, redemption fees, 12b-1 fees, other fund expenses or other applicable regulatory fees. Lockwood's affiliates, including Pershing and PAS, may receive fees from the mutual funds are held in your account. Please refer to each mutual fund's prospectus for more information about the specific investment risks associated with each mutual fund.

#### *Non-U.S. Fixed Income*

Investments in non-U.S. fixed income securities involve additional risk, including interest rate risk, credit risk and market risk, which could reduce the yield that you receive from your portfolio. These are in addition to the risks associates with all fixed income securities, including interest rate risk, market risk and the possibility of issuer default.

#### *Preferred Securities*

Preferred securities are subject to certain risks, including interest rate risk, where a rise in interest rates may cause the value of preferred shares to decline significantly. Dividend payments are not guaranteed, and an issuer's decision to decrease or suspend dividend payments may adversely affect the value of its preferred shares. Redemption of shares due to maturity, conversion or call features may decrease the overall yield of the portfolio.

#### *REITS*

Investments in REITs are subject to many of the risks associated with direct real estate ownership and, as such, may be adversely affected by declines in real estate values and general and local economic conditions.

### *Small- and/or Mid-Cap Portfolios*

Small and midsize companies carry additional risks because the operating histories of these companies tend to be more limited, their earnings and revenues less predictable (and some companies may be experiencing significant losses), and their share prices more volatile than those of larger, more established companies. The shares of smaller companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the strategy's ability to sell these securities. These companies may have limited product lines, markets or financial resources, or may depend on a limited management group. Some of the strategy's investments will rise and fall based on investor perception rather than economic factors. Other investments are made in anticipation of future products, services or events whose delay or cancellation could cause the stock price to drop.

### *Specific Sector or Industry*

Portfolios that invest a significant portion of assets in one sector or industry, or in related industries, may involve greater risks, including greater potential for volatility, than more diversified portfolios.

### *Treasury Inflation Protected Securities*

Investments in Treasury Inflation Protected Securities involve liquidity risk and are subject to specific taxation obligations.

### *Treasury Securities*

Investments in intermediate- and long-term Treasury securities involve interest rate risk and inflation risk, which could reduce the value or real return of an investment should interest rates rise.

**EXHIBIT D**

**Lockwood Privacy Policy**

**(BEGINS ON NEXT PAGE)**

## FACTS

### WHAT DOES **Lockwood** DO WITH YOUR PERSONAL INFORMATION?

#### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information.

Please read this notice carefully to understand what we do.

#### What?

The types of personal information we collect and share depend on the product or service you have with us. This information may include:

- Social Security number
- Risk Tolerance
- Investment Experience
- Income and Assets
- Account Balances

When you are no longer our client, we may continue to share your information as described in this notice.

#### How?

All financial companies need to share clients' personal information to run their everyday business. In the section below, we list the reasons financial companies may share their clients' personal information; the reasons Lockwood chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Lockwood share?	Can you limit this sharing?
For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	<b>Yes</b>	<b>No</b>
For our marketing purposes—to offer our products and services to you	<b>Yes</b>	<b>No</b>
For joint marketing with other financial companies	<b>No</b>	<b>No</b>
For our affiliates' everyday business purposes—information about your transactions and experiences	<b>Yes</b>	<b>No</b>
For our affiliates' everyday business purposes—information about your creditworthiness	<b>No</b>	<b>No</b>
For our affiliates to market to you	<b>No</b>	<b>No</b>
For non-affiliates to market to you	<b>No</b>	<b>No</b>

#### Questions?

**Call Lockwood Compliance at 1-800-200-3033,  
extension 8776**

## Who we are

Who is providing this notice?

**Lockwood Advisors, Inc. ("Lockwood")**

## What we do

How does Lockwood protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. Our internal data security policies restrict access of nonpublic personal information to authorized employees. We maintain physical, electronic and procedural safeguards to guard our customers' nonpublic personal information. Employees who violate our data security policies are subject to disciplinary action, up to and including termination.

How does Lockwood collect my personal information?

We collect your personal information for example, when you

- Open an account
- Make deposits/withdrawals
- Enter into an Investment Advisory Contract
- Provide your income information
- Provide your employment information
- Show your Driver's License information

We also collect your personal information from others such as affiliates or other companies.

Why can't I limit all sharing?

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes—information about your creditworthiness
- affiliates from using your information to market to you
- sharing for non-affiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

## Definitions

Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies. Our affiliates include Pershing, LLC, Pershing Advisor Solutions and The Bank of New York Mellon Corporation.

Non-affiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- Lockwood does not share with non-affiliates so they can market to you. .

Joint marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- Lockwood doesn't jointly market.

## Other important information

This notice applies to individual consumers who are customers or former customers. This notice replaces all previous notices of our consumer privacy policy, and may be amended at any time. We will keep you informed of changes or amendments as required by law.



## **EXHIBIT E**

### **Lockwood ERISA 408(b)(2) Disclosure**

**Lockwood Advisors, Inc.**

**760 Moore Road**

**King of Prussia, PA 19406**

**(800) 200-3033, Option 3**

**Managed360<sup>TM</sup> Program**

**Service Provider Compensation Disclosure Statement and Guide to Services and Compensation**

This guide and the materials attached to or included by reference in the guide are being provided in accordance with the United States Department of Labor final regulation under Section 408(b)(2) of the Employee Retirement Income Security Act of 1974 (“ERISA”). The following is a guide to important information that you should consider in connection with the services to be provided by Lockwood Advisors, Inc. (“Lockwood”) to your employee benefit plan that is a “covered plan” under Section 408(b)(2) of ERISA (the “Plan”). As a fiduciary under ERISA (the federal law governing private sector retirement plans) and/or as an investment adviser registered under the Investment Advisers Act of 1940, the regulation requires Lockwood to disclose information regarding direct and indirect compensation that Lockwood reasonably anticipates receiving in connection with its services and to include disclosure if such services are provided as a fiduciary to the Plan. If you have received this disclosure, and are not the responsible Plan fiduciary, please forward this disclosure to the appropriate person.

Lockwood, Pershing Advisor Solutions LLC (“PAS”) and Pershing LLC (“Pershing”) may each provide services to the Plan. Lockwood, Pershing and PAS are affiliated companies, each of which is indirectly owned by The Bank of New York Mellon Corporation.

<b>Required Information</b>	<b>Disclosure/Location</b>
Description of the services that Lockwood provides to the Plan.	<p>Lockwood provides managed account services to the Plan, as described further in the Lockwood Investment Advisory Profile and Agreement and Terms and Conditions thereto (the “Client Agreement”) and Lockwood’s Managed Account Advisor ADV, Part 2A, Appendix 1, Wrap Fee Program Brochure (the “Lockwood Brochure”), which documents have been previously provided to you.</p> <p>Lockwood serves as the sponsor of the program and provides access to third party managers (each, a “Manager”), which the Plan selects in the Client Agreement. Lockwood may also act as Manager if selected by the Plan in the Client Agreement. Please note that the Manager that the Plan selects in its Client Agreement may provide a separate disclosure statement relating to the Manager’s services and compensation. If Lockwood serves as a Manager to the Plan, this notice also covers Lockwood in its role as Manager.</p> <p>As described further in Item 4 of the Lockwood Brochure, Lockwood delegates certain functions and responsibilities to its affiliate, the Managed Investments (“Managed Investments”) division of Pershing, and compensates Managed Investments for those services. In addition, clearing and custody services described in the Client Agreement and Item 4 of the Lockwood Brochure are performed by Lockwood’s affiliate, Pershing, pursuant to the Client Agreement.</p> <p>Brokerage services in the Lockwood Sponsored Program are provided to the Plan by a third party broker-dealer or PAS, Lockwood’s affiliate, pursuant to a separate brokerage agreement between such broker-dealer and the Plan.</p>
A statement concerning the services that Lockwood provides as an ERISA fiduciary and/or registered investment	<p>Lockwood is an ERISA fiduciary and investment adviser registered under the Investment Advisers Act of 1940, as amended, with regard to the Plan’s account. The Manager selected by the Plan may also be an ERISA fiduciary and investment adviser with regard to the Plan’s account and may provide a separate disclosure statement relating to the Manager’s services and compensation. More information about the Manager selected by the Plan can be obtained by referring to the Manager’s Form ADV, Part 2A.</p>

adviser.	
Compensation Lockwood will receive from the Plan.	<p>The fees the Plan pays to Lockwood and Pershing, including fees payable to Lockwood where Lockwood serves as Manager for the Plan's account, are described in the Client Agreement and Item 4 of the Lockwood Brochure. Lockwood may pay a portion of the fees it receives to Managed Investments, PAS, Pershing and/or the Managers.</p> <p>The range of the third party Manager fees are described in Item 4 of the Lockwood Brochure.</p> <p>Lockwood's affiliate, Pershing, may receive other fees not included in the asset based fee or program fee, described in Item 4 of the Lockwood Brochure. More information on these fees paid to Pershing is available from the Plan's investment advisory representative and will be disclosed in the Plan's custodial account statement. As described in Item 4 of the Lockwood Brochure, there are certain circumstances in which Pershing may receive a fee based on the product selected.</p> <p>For more information regarding the fees paid to the Plan's broker-dealer, the Plan should refer to its brokerage agreement with such broker-dealer.</p>
Compensation Lockwood will receive from other parties that are not related to Lockwood ("indirect" compensation).	<p>Lockwood does not receive soft dollar research and brokerage services. Where the Manager of the Plan's account is not Lockwood, please refer to the Manager's Form ADV, Part 2A for more information regarding the receipt of soft dollar research and brokerage services.</p> <p>Lockwood discloses any sponsorship fees paid or received to or from third parties in Item 9 of the Lockwood Brochure.</p> <p>Indirect compensation that Lockwood's affiliate, Pershing, may receive is further described in Exhibit A hereto.</p>
Compensation Lockwood will receive if the Plan terminates the Client Agreement.	<p>The Client Agreement and Item 4 of the Lockwood Brochure describe fees charged and/or rebated upon the termination of the Plan's account.</p>

EXHIBIT A  
**Compensation Paid to Pershing by Third Parties**

Pershing earns compensation from certain third parties in connection with providing clearing and custody services to the Lockwood programs.

**Mutual Fund Fees.** Pershing has entered into agreements with certain mutual fund companies that pay Pershing for performing certain services for the mutual fund. Pursuant to these agreements, Pershing receives fees for operational services from mutual funds in the form of networking or omnibus processing fees. The reimbursements are remitted to Pershing for its work on behalf of the funds. This work may include, but is not limited to, subaccounting services, dividend calculation and posting, accounting, reconciliation, client confirmation and statement preparation and mailing and tax statement preparation and mailing. These reimbursements are based either on (a) a flat fee ranging from \$0 to \$20 per holding or (b) a percentage of assets that can range from 0 to 15 basis points for domestic funds and 0 to 30 basis points for offshore funds. Mutual funds that are available in Pershing's FundVest no-transaction fee mutual fund program may pay Pershing servicing fees in exchange for being offered in Pershing's FundVest Program. These payments are based on a percentage of assets and can range from 7 to 40 basis points. For additional details about Pershing's mutual fund no-transaction-fee program, or a listing of funds that pay Pershing networking or omnibus fees, please refer to [www.pershing.com/mutual\\_fund.htm](http://www.pershing.com/mutual_fund.htm). The mutual funds listed on this website are listed in order from highest to lowest paying mutual funds based on gross payments made to Pershing.

**Money Fund and FDIC Insured Bank Product Fees.** Pershing has entered into agreements with money market fund companies and FDIC-insured bank deposit products service providers. Pershing receives fees from money fund companies and service providers for making available money market funds and FDIC-insured bank deposit programs. A portion of Pershing's fees is applied against costs associated with providing services on behalf of the fund companies and service providers, which may include maintaining cash sweep systems, sub-accounting services, dividend and interest calculation and posting, accounting, reconciliation, client statement preparation and mailing, tax statement preparation and mailing, marketing and distribution related support, and other services. These fees are paid in accordance with an asset-based formula that can range from 0 to 100 basis points annually. For a listing of money funds and FDIC-insured bank products that pay Pershing these fees, please refer to [www.pershing.com/money\\_fund.htm](http://www.pershing.com/money_fund.htm).

**Annuity Fees.** Pershing has entered into arrangements with insurance companies through which Pershing may receive servicing fees from certain insurance companies that participate in Pershing's annuity program. These one-time fees typically amount to between \$10 and \$17 per annuity contract. In addition, Pershing receives operational reimbursement fees from certain insurance companies for the services it provides, which may include, but are not limited to, posting, accounting reconciliation and client statement preparation and mailing. These fees typically amount to \$6 per year for annuity contracts. For a listing of the insurers that pay Pershing these fees, please refer to [www.pershing.com/annuity\\_fees.htm](http://www.pershing.com/annuity_fees.htm).

**Alternative Investment Network Fees.** Pershing has entered into arrangements through which it may receive servicing fees from managed futures funds, hedge funds, real estate investment trusts (REITs), direct participation programs and fund-of-funds (collectively "alternative investments") that participate in Pershing's Alternative Investment Network no-fee program in lieu of transaction fees and special product fee charges to your firm. These fees are calculated in accordance with an asset-based formula that can range from 10 to 50 basis points annually. Pershing also receives set-up fees from alternative investment providers or broker-dealers in the form of a one-time fee to add an alternative investment to the Alternative Investment Network. The fee is a flat fee ranging from \$100 to \$300 per fund and is remitted to Pershing for its work to set up the alternative investment on Pershing's systems. For additional details regarding Pershing's Alternative Investment Network no-fee program or a listing of entities that pay fees to Pershing, please refer to [www.pershing.com/alternative\\_investment\\_network\\_fees.html](http://www.pershing.com/alternative_investment_network_fees.html).

**Sponsorship Fees.** Mutual fund companies, annuity companies, exchange-traded fund (ETF) providers, money market providers and other providers offering investment, business and technology products and services offer marketing support in the form of sponsorship fee payments to Pershing (or third parties at Pershing's direction) in connection with educational conferences, events, seminars, and workshops that Pershing offers to its broker-dealer or investment professional customers. These payments are made through arrangements with investment providers and may be for the expenses of educational materials or other conference-related expenses. Generally, the smallest level of sponsorship is

\$5,000, and the level of sponsorship can increase depending on the opportunity. For a listing of companies that pay sponsorship fees to Pershing for events, please refer to [www.pershing.com/event](http://www.pershing.com/event).

Payments for Order Flow. Pershing may receive compensation in connection with routing orders to the marketplace for execution, subject to its obligations to seek best execution. Such compensation may be received from unaffiliated broker-dealers or from securities exchanges. In all cases, Pershing seeks best execution in routing orders. For a description of the compensation earned by Pershing in connection with routing orders, and Pershing's procedures in routing orders, please refer to Pershing's disclosure at [www.orderroutingdisclosure.com/orderrouting/HOME](http://www.orderroutingdisclosure.com/orderrouting/HOME).

Float. Pershing may obtain a financial benefit attributable to cash balances of ERISA plan accounts that are held by Pershing in connection with cash awaiting investment or cash pending distribution. For a more detailed description of this compensation, refer to [www.pershing.com/business\\_continuity.htm#float\\_disclosure](http://www.pershing.com/business_continuity.htm#float_disclosure).