

# BofA Advisors, LLC

Form ADV Part 2A

## Item 1. Cover Page

### BofA Advisors, LLC

100 Federal Street, Boston, MA 02110

Phone: 877-227-7050 [www.bofacapital.com](http://www.bofacapital.com)

*This brochure provides information about the qualifications and business practices of BofA Advisors, LLC ("BofA Advisors"). If you have any questions about the contents of this brochure, please contact us at 877.227.7050. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.*

*Additional information about BofA Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*BofA Advisors is an investment adviser registered with the SEC. Registration of an investment adviser with the SEC does not imply that the adviser possesses a certain level of skill or training.*

*March 31, 2015*

## Item 2. Material Changes

There were no material changes that have occurred since the last annual update to the brochure.

Advisory services provided by BofA Advisors, LLC,  
Securities offered through BofA Distributors, Inc.,  
nonbank subsidiaries of

**Bank of America** 

NOT FDIC INSURED	May Lose Value
NOT BANK ISSUED	No Bank Guarantee

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#### Item 4. Advisory Business

BofA Advisors, LLC (“BofA Advisors,” “we,” “us,” or “our”), is an indirect, wholly owned nonbank subsidiary of Bank of America, N.A. (“BANA”). We have been registered with the SEC as an investment adviser since 1995. As used in this Brochure, “you,” refers to our client.

BofA Advisors, a Delaware limited liability company, is a part of BofA Global Capital Management Group, LLC. BofA Global Capital Management Group, LLC is an asset management division of Bank of America Corporation (“Bank of America”) that provides investment management services and products for institutional and individual investors. Bank of America is one of the world’s largest financial institutions, serving individual consumers, small- and middle-market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk management products and services. Bank of America is among the world’s leading wealth management companies and is a global leader in corporate and investment banking and trading across a broad range of asset classes, serving corporations, governments, institutions and individuals around the world.

We offer proprietary investment-management solutions in the money market and short-term fixed-income asset class for institutional, high-net-worth, retail clients, trusts and estates, charitable organizations, and retirement plans subject to the Employee Retirement Income Security Act (“ERISA”). We act as an investment adviser to mutual funds, typically funds governed by Rule 2a-7 under the Investment Company Act of 1940 (the “1940 Act”), a variety of individually-managed accounts (also known as “separately-managed accounts”), offshore pooled vehicles and private investment funds. We also provide investment advice as a subadviser to mutual funds and to U.S. Trust, Bank of America Private Wealth Management (“U.S. Trust”) for its individually-managed accounts on behalf of institutions and high-net-worth clients that are clients of U.S. Trust.

Our individually-managed account clients include institutional investors and a variety of high-net-worth clients some of whom participate in a broker-dealer sponsored managed account program (the “Managed Account Program”). We offer our individually-managed account clients actively-managed portfolios that seek to provide stability of principal, liquidity, diversification, and a competitive return. We offer our individually-managed account client portfolios with target portfolio durations of generally three to eighteen months in U.S. Treasury, government, prime, and national and state-specific tax-exempt strategies. Our individually-managed account strategies are generally customizable to meet each client’s specific investment objectives, including capital preservation, risk diversification and liquidity requirements. Our investment advice is generally limited to short-term fixed-income securities, and our individually-managed account clients may impose restrictions on investing in certain securities or types of securities. Solely at our discretion, we may offer other types of services.

Clients participating in the Managed Account Program receive our advisory services as part of a dual contract relationship. Under a dual contract relationship, the sponsor of the Managed Account program (the “Sponsor”) enters into a services agreement with a client pursuant to which the client selects one or more investment managers. Once we are selected by the client, the client will enter into a separate investment management agreement directly with us, whereby discretionary investment authority to manage the client’s assets is granted.

There are certain differences between how we manage accounts participating in the Managed Account Program versus how we manage other client accounts. For example, when participating in the Managed Account Program, the Sponsor is typically responsible for identifying and determining the suitability of BofA Advisors, generally, and our investment strategies and programs for a particular client. We typically are only responsible for managing clients’ assets in accordance with our investment strategy that has been selected, and in accordance with any reasonable restrictions imposed, by the Managed Account Program clients.

As of December 31, 2014 we managed \$87.423 billion of client assets on a discretionary basis and \$5.697 million client assets on a nondiscretionary basis.

## Item 5. Fees and Compensation

For our advisory services, we typically charge a fee that is a percentage of your assets that we manage, usually referred to as assets under management. We typically charge fees in accordance with the following fee schedule. However, fees, including minimum annual fees, are subject to negotiation and variation to take into account individual facts and circumstances.

For example, we may charge a lower fee or a flat fee depending on the size of our, or Bank of America's, relationship with a particular client. As a result, we may charge you more or less than other clients with the same investment strategy. At our discretion, we generally require a minimum annual fee of \$40,000 and a minimum investment per account of \$25 million for individually-managed accounts provided, however, we may accept accounts less than \$25 million.

Fee schedule for all Managed Account Program accounts:

- 0.15% on all assets

Fee schedule for all other individually-managed accounts

- 0.15% on the first \$25 million
- 0.10% on the next \$50 million
- 0.08% on the next \$75 million
- 0.06% on the next \$150 million
- 0.04% on all assets over \$300 million

Your investment advisory agreement with us determines the amount of the fee, the frequency of when fees are paid and whether fees are paid in arrears or in advance. We generally require fees to be paid quarterly in arrears. You may decide whether you wish to pay your fees directly to us or allow us to debit the fees from your custodial account. If you are participating in the Managed Account Program and have elected to have the Sponsor act as your custodian, in most cases and unless otherwise agreed, we will submit invoices to you and the Sponsor (custodian) simultaneously and the Sponsor (custodian) will deduct our fees directly from your account and remit them to us. You may be required to pay other types of fees or expenses in connection with your individually-managed account, such as custodial fees, brokerage fees, administrative or legal fees and other transaction costs. See the section of this brochure captioned "Item 12. Brokerage Practices" for additional information regarding our brokerage practices. Also, funds advised by BofA Advisors (e.g., a mutual fund or other pooled vehicle) incur investment advisory fees charged by us (as set forth in each fund's prospectus and statement of additional information or pooled vehicle's offering documents, as applicable), and may incur other expenses such as custodial, accounting, transfer agency, audit and administrative fees that are paid to third parties. Such third-party expenses will be borne by the investors in those funds.

If you are an individually-managed account client of ours and we invest your assets in mutual funds advised by us, we will not receive both an advisory fee on the value of your account holdings in our funds and an investment advisory and administrative fee from the fund. We will waive the advisory fee on the value of the account which is invested in the affiliated mutual fund. We generally will only make investments in funds advised by us if you specifically authorize us to do so.

Clients that participate in the Managed Account Program should be aware that advisory services similar or comparable to those provided to them as a participant in the Managed Account Program may be available at a higher or lower aggregate cost elsewhere. The overall cost to a client that participates in a Managed Account Program may be higher than paying BofA Advisors' standard advisory fee for an individually-managed account that is not part of the Managed Account Program. Likewise, fees may vary when negotiating custody fees with a particular custodian and negotiating transaction charges with a broker-dealer payable on a per-transaction basis, depending upon the level of custody fees and the number of securities transactions in the client's account. Other than in connection with our obligations to obtain best execution for securities transactions as provided under applicable law and the client's Managed Account Program documentation, we do

not undertake any ongoing responsibility to assess the value of the services provided by the Sponsor for any client that participates in the Managed Account Program.

As noted above, the advisory fee we typically charge is based upon the amount of your assets that we manage. There are times when a market price for a security you own is not readily available and we will assess the fair value of the security. This presents a conflict of interest for us, as we will be determining the value of the security which, in turn, affects the value of your assets that we manage and thus the advisory fee we will be paid. We have implemented internal control procedures to monitor for circumstances that may require us to assess the fair value of a security you own. In the event that we determine that fair valuation of a security is appropriate, our Valuation Committee will assess the fair value of the security following defined and consistent methods. Our Valuation Committee may take into account various factors when making its good faith determination of the fair value of the security, and these factors may vary depending upon the type of security.

The investment-management agreement you sign with us typically may be terminated by either party upon thirty days' prior written notice. In the event an investment-management agreement is terminated, investment advisory fees will generally be calculated pro rata, and to the extent fees have been paid in advance beyond the termination date, the fees will be refunded.

With respect to management of the portfolio in your individually-managed account, neither BofA Advisors nor any of its supervised persons receive or accept any compensation for the sale of securities or other investment products.

#### **Item 6. Performance-Based Fees and Side-By-Side Management**

Performance-based fees are fees that an adviser charges its clients based on a share of capital gains on, or capital appreciation of, the client's assets under management. We currently do not enter into performance-based fee arrangements.

Side-by-side management generally relates to investment advisers that manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly, flat or asset-based fee. Such investment advisers may have a conflict of interest by managing these accounts at the same time, including an incentive to favor accounts for which the investment adviser receives a performance-based fee. As noted above, we currently do not enter into performance-based compensation arrangements and therefore currently do not have a conflict of interest arising out of side-by-side management.

#### **Item 7. Types of Clients**

We provide proprietary investment-management solutions in the money market and short-term fixed-income space for institutional, high-net-worth, retail investors, trusts and estates, charitable organizations, and retirement plans subject to ERISA. We primarily act as an investment adviser to mutual funds, typically funds governed by Rule 2a-7 under the 1940 Act, individually-managed accounts, offshore pooled vehicles and private investment funds. We also provide investment advice as a subadviser to mutual funds and as a subadviser to U.S. Trust. We may provide advisory or subadvisory services to other types of clients, including other affiliates of Bank of America, government entities, and third-party investment advisers and plans subject to ERISA. In certain instances, we may retain affiliated or nonaffiliated investment subadvisers to provide day-to-day investment-management services to our clients, subject to our oversight.

Our investment-management solutions for retail investors are typically provided through our serving as an investment adviser to mutual funds. Our investment management solutions for high-net-worth investors are typically provided through our serving as an investment adviser to mutual funds and through our serving as a subadviser to an affiliate that has entered into an investment management agreement with such high-net-worth investors. Our investment management solutions for institutional clients are typically provided by entering into an investment management agreement directly with the institutional investor.

We generally require a minimum of \$25 million to open an individually-managed account; however, we may allow exceptions at our discretion.

The following is a more detailed explanation of the types of clients we service.

### **Individually-Managed Accounts**

Individually-managed account clients are clients that have engaged us pursuant to an investment management agreement to manage a portfolio of securities that will be directly owned by the client. We provide institutional clients and a variety of clients participating in the Managed Account Program with investment management services within individually-managed accounts. These accounts are managed in accordance with specific client needs and objectives detailed in the investment management agreement.

We may provide investment management services as a subadviser to clients of affiliated companies. For example, we provide discretionary advice and portfolio management to U.S. Trust with respect to the investment of a portion of assets over which U.S. Trust exercises discretion.

We provide investment-management services through the Managed Account Program which is sponsored by our affiliate, Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”) and offered to Merrill Lynch’s clients under the name “Strategic Portfolio Advisor Service.” Merrill Lynch is an indirect wholly owned subsidiary of Bank of America. Merrill Lynch offers services such as adviser identification services, custody, trade execution and performance measurement reports to clients of its Strategic Portfolio Advisor Service. As discussed previously, under the Managed Account Program, clients may select us as their discretionary investment manager and execute an investment management agreement directly with us.

### **Registered Investment Companies**

Our registered investment company clients are pooled investment vehicles registered under the 1940 Act and whose shares are registered for sale to the public under the Securities Act of 1933 (the “1933 Act”). Our registered investment company clients include the BofA Funds, a registered investment company that is governed by Rule 2a-7 under the 1940 Act and investment companies advised by third parties for which we act as subadviser.

### **Offshore Pooled Investment Vehicles**

We act as the investment adviser to the Bank of America Global Liquidity Funds, Plc, (the “Company”), an open-ended umbrella investment company which offers shares denominated in U.S. dollars. The Company is organized under the laws of Ireland as Undertakings for Collective Investment in Transferable Securities (“UCITS”) within the meaning of the European Communities Regulations 2011, as amended, and is authorized and regulated by the Central Bank of Ireland. The Bank of America Global Liquidity U.S. Dollar Fund is currently available to institutional investors and is considered a “short-term money market fund” in accordance with the requirements of the Central Bank of Ireland’s regulations on money market funds.

### **Other Clients —Private Investment Fund, Collateralized Bond Obligations and Collateralized Loan Obligations**

Separately, we serve as the investment manager and sponsor to one unregistered investment company organized in the United States that is exempt from registration under the 1940 Act pursuant to Section 3(c)(7) of the 1940 Act. Units of the 3(c)(7) Fund may be offered and sold in transactions exempt from registration under the 1933 Act.

We also serve as the collateral manager for legacy collateralized bond obligations and collateralized loan obligations. None of these transactions are reinvesting in additional securities, and all are in the process of liquidation. We have engaged a third-party to manage the collateralized loan obligations and we provide oversight of such third-party manager.

### **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

As noted above, we offer actively managed portfolios that seek to provide stability of principal, liquidity, diversification, and a competitive return. We offer our individually-managed account clients portfolios with target portfolio durations of generally three to eighteen months (average duration) in U.S. Treasury, government, prime, and national and state-specific tax-exempt strategies.

Our investment methodology follows a four-step process:

**Macro and Interest Rate Assessment.** Our investment methodology begins with a top-down assessment of the potential future interest rate movements along the short-end of the yield curve. Our investment-management team meets regularly, and more frequently as market developments warrant, to discuss, among other topics, the economic data and recent trends, statements of monetary policymakers and the anticipated path and volatility of short-term interest rates. Given the outlook for the general economy and the anticipated response from the Federal Reserve, the team compares the current yield curve to our expected future yield curve. Based on this assessment and other information, a strategy is developed for yield curve positioning and sector allocation of your portfolio.

**Research and Valuation Analysis.** Our credit analysts seek to identify issuers of money market and short-duration fixed income instruments that present relatively low credit risk. The analysts focus on a variety of factors, including financial analysis, sector and industry trends, economic environment, and security structure. The analysts also assess fixed income and equity market signals, such as credit-default-swap levels and equity prices, and interact frequently with other internal and external resources, including the economics and risk staff and other resources of Bank of America to discuss specific issuers and industry trends. Overall, the investment team benefits from the broad and deep resources of Bank of America.

**Portfolio Construction.** Our investment team maintains a list of securities issuers that meet our credit standards, and your portfolio is constructed from this list plus other sources to meet your capital preservation, liquidity, and diversification requirements. Issuer securities on this list are purchased based on credit, relative value, availability and consistency with the strategy of your portfolio. We believe that rigorous credit research and appropriate portfolio diversification provide the best opportunity for capital preservation. A focus on issuers of securities for which there is a liquid market supports the goal of liquidity. A competitive yield is pursued in a number of ways, including identifying sectors and securities offering attractive relative yields and by anticipating interest rate movements.

**Risk Management and Portfolio Monitoring.** We monitor the risk/return profile of your portfolio (versus an appropriate benchmark) and your investment guidelines. We also conduct pre- and post-trade compliance monitoring designed to ensure adherence to your investment guidelines. We review issuers of securities held in individually-managed portfolios to determine whether they continue to meet our credit standards. If one of our analysts changes an opinion about an issuer or if a member of the investment team expresses a serious concern about an issuer, we review such issuers in significant detail.

On a limited basis, we may share general and specific investment information with our affiliates. Sharing of investment information is typically conducted at periodic meetings of investment teams, by distribution of sector and/or issuer updates by our research groups and investment analysts, and through informal discussions among investment personnel. We, and our affiliates, may share internally generated research consistent with internal policies and practices. In creating the internal research, we may rely upon and/or refer to products and services provided by broker-dealers with which we effect transactions for client accounts. The research products and services received by us and the internal research provided to or received from Bank of America affiliates will assist us and our affiliates in providing investment management services generally to their clients, but may not necessarily assist with the management of your portfolio.

Investing in securities involves a variety of risks, including but not limited to market risk, liquidity risk, credit risk, and operational risk. Market risk generally refers to the possibility that the market values of securities you own will rise or fall, sometimes rapidly or unpredictably. Security values may fall because of factors affecting individual companies, industries or sectors, or the markets as a whole, reducing the value of the securities you own. Accordingly, you could lose money over short or even long periods in your account on a mark-to-market basis. Market values of the securities you own can be affected by changes or perceived changes in U.S. or foreign economies and financial markets, and the liquidity of these securities, among other factors. In general, equity securities tend to have greater price volatility than debt securities. The value of fixed-income securities may be sensitive to changes in interest rates. In general, if prevailing interest rates rise, the values of debt securities will tend to fall, and if interest rates fall, the values of debt securities will tend to rise. Credit risk



applies to most debt securities, but is less of a factor for obligations backed by the “full faith and credit” of the U.S. Government. You could lose money if the issuer of a debt security is unable or perceived to be unable to pay interest or repay principal when it becomes due. Various factors could affect the issuer’s actual or perceived willingness or ability to make timely interest or principal payments, including changes in the issuer’s financial condition or in general economic conditions. Debt securities backed by an issuer’s taxing authority may be subject to legal limits on the issuer’s power to increase taxes or otherwise to raise revenue, or may be dependent on legislative appropriation or government aid. Certain debt securities are backed only by revenues derived from a particular project or source, rather than by an issuer’s taxing authority, and thus may have a greater risk of default. Liquidity risk generally refers to the risk that a security becomes more difficult to sell at or near its perceived value due to an inactive or impaired trading market for the security. In such a market, the value of such securities may fall dramatically or the security may not be able to be sold or otherwise disposed of at any price. Operational risks can arise from internal or external process failures. While our investment strategy seeks capital preservation, you may experience a loss of principal.

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

### Item 9. Disciplinary Information

BofA Advisors and BofA Distributors (collectively, the “BofA Global Capital Management Group, LLC Group”) are subject to a settlement agreement with the New York Attorney General (the “NYAG”) (the “NYAG Settlement”) and a settlement order with the SEC (the “SEC Order”) on matters relating to mutual fund trading, each dated February 9, 2005. Under the terms of the SEC Order, the BofA Global Capital Management Group, LLC Group (or predecessor or affiliated entities) agreed, among other things, to: pay disgorgement and civil money penalties collectively totaling \$375 million; cease and desist from violations of the antifraud provisions and certain other provisions of the federal securities laws; maintain certain compliance and ethics oversight structures; and retain an independent consultant to review the BofA Global Capital Management Group, LLC Group’s applicable supervisory, compliance, control and other policies and procedures. The NYAG Settlement, among other things, requires BofA Advisors and certain of its affiliates to make certain disclosures to investors relating to expenses. In connection with the BofA Global Capital Management Group, LLC Group providing services to the BofA Funds, the BofA Funds have voluntarily undertaken to implement certain governance measures designed to maintain the independence of their boards of trustees and certain special consulting and compliance measures. In addition, the predecessor to BofA Advisors (the “Predecessor Adviser”) and BofA Investment Services, Inc. (“BAIS”), a registered broker-dealer and investment adviser affiliated with BofA Advisors, entered into a 2008 settlement order (the “2008 Order”) with the SEC on matters relating to allegations that, from July 2002 to December 2004, BAIS selected two mutual funds managed by the Predecessor Adviser for inclusion onto BAIS’ wrap fee accounts using a methodology contrary to the one described in prior disclosures to its clients. In this regard, BAIS had delegated to the Predecessor Adviser the research and evaluation functions of selecting mutual funds for a recommended list of funds provided to nondiscretionary clients and of selecting mutual funds to invest in for discretionary clients. The SEC alleged that, the Predecessor Adviser did not follow certain steps set forth in BAIS’s disclosures to clients outlining the investment selection process and that BAIS did not adequately disclose to clients the conflicts of interests related to such practices. Additionally, it contended that the Predecessor Adviser aided and abetted these violations. Without admitting or denying the findings in the 2008 Order, the Predecessor Adviser and BAIS consented to the 2008 Order in which BAIS undertook to make certain disclosures about the 2008 Order, provide clients with a list of funds advised by the Predecessor Adviser and engage in a comprehensive review of its mutual fund selection practices and procedures. In addition, both the Predecessor Adviser and BAIS consented to collectively disgorge and pay penalties greater than \$10 million and to cease and desist from violating certain provisions of the securities laws.



**BofA Advisors is an indirect, wholly owned subsidiary of Bank of America, a publicly traded bank holding company. There are several intermediate subsidiaries in the ownership structure between BofA Advisors and Bank of America. Certain entities that are deemed to control BofA Advisors have been involved in certain legal or disciplinary events. Information about these legal or disciplinary events is set forth in Part 1 of our Form ADV, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).** **Item 10. Other Financial Industry Activities and Affiliations**

BofA Distributors, Inc., (the “Distributor”) is a direct subsidiary of BofA Advisors, LLC and an indirect, wholly owned subsidiary of Bank of America. Together, BofA Advisors and BofA Distributors are the two primary legal entities that operate under BofA Global Capital Management Group, LLC.

The Distributor serves as a legal entity that is used to promote and distribute shares of the BofA Funds. Certain of BofA Advisors’ management persons may be registered, or have applications pending to register, as registered representatives of BofA Distributors to the extent necessary or appropriate to perform their job responsibilities.

The Distributor is a limited purpose broker-dealer registered with the United States Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Authority (“FINRA”) and is a member of the Securities Investor Protection Corporation (“SIPC”). As a limited purpose broker-dealer, the Distributor does not carry accounts, execute transactions, take custody of funds or securities or have employees or customers. The Distributor serves as an underwriter of shares of proprietary funds sponsored and advised by BofA Advisors. The Distributor functions primarily as the distributor of the shares of the BofA Funds, and also may serve as distributor or placement agent for other fund products sponsored by BofA Global Capital Management Group, LLC. We are an indirect, wholly owned subsidiary of Bank of America.

We are dependent upon Bank of America and its affiliates to provide us a variety of services and support in order to provide our investment management services to our clients. Our affiliation with Bank of America may involve real, potential or apparent conflicts of interests for us and our individually-managed account clients. See the section of this brochure captioned “Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” for additional information.

We act as the investment adviser to the BofA Funds, each a series of BofA Funds Series Trust, an investment company registered under the 1940 Act. Shares of the BofA Funds are also registered under the 1933 Act. BofA Funds Series Trust is our largest client in terms of our assets under management. Acting as an investment adviser to the BofA Funds may involve real, potential or apparent conflicts of interests for us and our other clients. See the section of this brochure captioned “Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” for additional information.

As mentioned above, we provide investment-management services through the Managed Account Program which is sponsored by our affiliate, Merrill Lynch and offered to Merrill Lynch’s clients under the name “Strategic Portfolio Advisor Service”. Merrill Lynch is our affiliate and provides custodial, brokerage and performance reporting services to clients of its Strategic Portfolio Advisor Service. Accordingly, clients of Merrill Lynch who participate in the Strategic Portfolio Advisor Service and select us as their investment manager will increase compensation to us and our affiliate. See the section of this brochure captioned “Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” for additional information.

#### **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

As noted above, we are an indirect, wholly owned subsidiary of Bank of America. Bank of America is a broadly diversified financial services company that, directly or through affiliates, provides a variety of banking, securities, insurance and other investment products and services to a broad array of customers. Bank of America and its affiliates are engaged in businesses and/or have interests that may differ from ours. Bank of America and its affiliates may be involved in advisory, transactional and financial activities, and may hold interests in securities and companies that may be directly or indirectly purchased or sold by us for your account. As a result, our affiliation with Bank of America may involve real, potential or apparent conflicts of interest for us and our clients.

We are a fiduciary with respect to our asset-management activities and owe you a duty of care and a duty of loyalty. As a fiduciary, we are required to act in your best interest and manage conflicts of interest that may arise. However, there exists the potential that current or future activities of Bank of America or its affiliates could affect our management of your account and could be disadvantageous to you. We may invest in securities for you in which other clients or affiliates of Bank of America have similar or different investment positions. We seek to treat all of our clients in a fair and equitable manner; however, there may be instances in which we buy or sell securities for your account in which we or Bank of America and/or its affiliates are undertaking the same or a differing strategy for other clients (including similarly managed accounts). Prices, availability, liquidity and terms of the investments may be negatively affected by Bank of America's or its affiliates' activities, and the transactions we execute for you may, as a result, be less favorable. Your investment results may differ from the results achieved by Bank of America and Bank of America's affiliates or clients. To the extent that the same investment opportunities might be desirable for more than one account, possible conflicts could arise in determining how to allocate such opportunities. Portfolio managers are required to allocate investment opportunities among clients in a fair and equitable manner while taking into consideration each client's investment guidelines, liquidity needs, financial objectives and current portfolio composition.

We, and Bank of America, have established a variety of policies, procedures and other controls that seek to manage conflicts of interest arising between our advisory clients and Bank of America's businesses. We have designated a Conflicts Officer who is responsible for providing compliance oversight and management for training, identification, escalation, mitigation, and reporting of conflicts.

With respect to conflicts that may arise in connection with personal securities trading, all of our employees must comply with our Code of Ethics. The Code of Ethics sets forth the specific fiduciary responsibilities applicable to all of our employees and seeks to ensure that clients' interests are always placed ahead of our employees' interests and that all clients are treated fairly. The specific provisions of the Code of Ethics seek to ensure that the personal securities transactions of our employees are conducted in a manner that does not interfere with clients' portfolio transactions or take unfair advantage of an employee's relationship with our company. Substantive provisions of the Code of Ethics are summarized below.

The Code of Ethics imposes, in varying degrees, as to distinct categories of employees:

- "blackout" periods during which certain employees' trading activity in a given security may not occur due to recent or pending activity in the same issue by client accounts;
- preclearance of personal trades in certain securities, participation in limited offerings of securities, and initial public offerings (equity IPOs are prohibited);
- prohibits all short-term trading in reportable securities; and
- strong discouragement of excessively frequent trading.

These requirements apply to accounts of our employees, as well as accounts in which they or their spouses, minor children or other dependents have an interest. Certain employees are also subject to restrictions and/or approval regarding service as an officer or director of a publicly traded company. Limited exceptions apply to certain of these requirements.

There are several other policies and procedures in place that are used to manage conflicts of interest. For example, BofA Global Capital Management Group, LLC has policies and procedures in place that govern the types and value of gifts and forms of entertainment that our employees may accept from or give to broker-dealers, vendors and current or prospective clients.

Our employees are prohibited from engaging in late trading or market timing of mutual funds. The Code of Ethics reinforces the protection of nonpublic information regarding the holdings, transaction and recommendation activity concerning advised accounts.

Annually, our employees are required to report their personal securities account holdings and certify that they have complied with the Code of Ethics. Quarterly, our employees are required to report their personal securities trading activity.

The Code of Ethics also incorporates, by reference, numerous other conduct requirements, policies, and restrictions. Our employees are required to certify as to compliance with the requirements of each of these additional policies, as well as all pertinent provisions of the Code of Ethics and all federal securities laws and regulations pertaining to our business. Each employee of ours is required to report to either our Chief Compliance Officer, or to a confidential in-house ombudsman office, conduct by other employees which he or she reasonably believes may constitute a violation of the Code of Ethics, related policies or pertinent law or regulation.

The Code of Ethics Oversight Committee is responsible for enforcing compliance with the Code of Ethics. Sanctions for noncompliance with the Code of Ethics vary according to circumstances, but may include fines, suspension or termination of employment.

Copies of the Code of Ethics are available, upon request, to any of our current or prospective clients.

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

We do not manage accounts in our own name and generally do not buy or sell securities for ourselves or maintain proprietary accounts for ourselves except through an error account occasionally used for correcting investment-related errors and direct investments in the BofA Fund as described below; however, we occasionally may buy or sell for our clients securities in which an affiliate of ours may have a financial interest.

We manage investment funds for which either we or an affiliate has provided the initial seed capital. To the extent that we or one of our affiliates commits seed capital for the start of a new fund, such funding activity is entered into after appropriate review by our senior management and approval by our Product Management and Investment Committee. Such investments are designed to provide proper diversification within newly developed funds and assist in attaining economies of scale in terms of securities transactions within portfolio and fund expenses.

Bank of America and its affiliates may, for their own accounts, make direct investments in investment funds that we manage.

### **Principal Transactions**

We may execute client trades with affiliates, with the affiliate acting in a principal capacity, subject to applicable law. Executing principal transactions on your behalf with affiliates presents real or potential conflicts of interests. For our mutual fund clients, we have received exemptive relief from the SEC staff permitting us and such funds to rely on an exemptive order to engage in principal transactions in certain money market instruments with Merrill Lynch under certain conditions including those restricting the price at which such transactions are conducted and the volume of transactions. Merrill Lynch, an affiliate of BofA Advisors, is one of the largest dealers in taxable and tax-exempt money market and fixed-income instruments in the United States.

### **Agency Transactions**

We may execute agency securities transactions for clients with broker-dealer affiliates, subject to applicable law. For example, we may execute agency security transactions with Merrill Lynch for clients participating in our individually-managed accounts. Executing transactions with affiliates presents real or potential conflicts of interests, including that the affiliate will earn fees in connection with such transactions. For our non-ERISA individually-managed account clients, we would seek client consent for each agency securities transaction in advance for all such transactions.

### **Use of Affiliated “Sweep” Vehicles**

If you select an affiliate of ours to provide custodial or brokerage services to you, the affiliated custodian may use mutual funds that we advise as a sweep vehicle for uninvested cash. Also, with client authorization, certain individually-managed account clients sweep cash balances into mutual funds that we advise. When investing uninvested cash as a sweep vehicle

into mutual funds advised by us, possible conflicts may arise. See discussion on how we handle confidential information regarding the BofA Funds for our clients below under “Treatment of Confidential Information”. To the extent that your account invests under a sweep program in mutual funds advised by us, we will not receive both an advisory fee on the value of our account and an investment advisory and administrative fee from the fund.

### **Cross Trades**

We may execute trades between two or more advisory client accounts, subject to compliance with your investment-management agreement and applicable law. We will not act as the broker-dealer and will not receive any compensation from any client in regard to these transactions other than the applicable advisory fee. Although brokerage fees are not incurred, customary transfer fees may still apply.

In general, pricing of internal cross trades is determined based upon readily available market quotation data. When determining the current market price for short-term securities that require an average of the highest current independent bid and lowest current independent offer, we will obtain at least three independent market quotes, if available.

We will only execute internal cross trades when we believe that the transaction would be beneficial to each client involved and consistent with our duty to seek best execution. Internal cross trades may be difficult to arrange in some circumstances, and we are under no obligation to effect internal cross trades for any client on any occasion. Additionally, ERISA clients cannot ordinarily participate in internal cross trades.

We may make recommendations to purchase and sell, and in the exercise of discretion may purchase and sell for clients, securities that, without our specific knowledge, may also be purchased, sold or held at or about the same time by a related person of ours.

### **Affiliated Underwritings**

We may purchase for your account (i) securities in an initial offering underwritten by an affiliate of ours, provided that such purchases are from members of the underwriting syndicate other than our affiliate and comply with other regulatory requirements, and (ii) securities in the secondary market that were originally underwritten by an affiliate of ours.

As an investment adviser to mutual funds, we must comply with Rule 10f-3 of the 1940 Act when considering the purchase of a new offering when an affiliate is participating in the offering syndicate. This rule imposes a quantitative limit such that no more than twenty-five percent of the offering may be purchased by us for our clients. You may be disadvantaged if we determine that such offering is desirable for multiple client accounts and at least one of those client accounts is a mutual fund, as you may be allocated fewer securities than you might otherwise have received if we did not advise mutual funds.

### **Treatment of Confidential Information**

From time to time, we may come into possession of confidential material and/or nonpublic information which may limit our ability to buy or sell investments for your account. As an example, we frequently have material nonpublic information regarding the operations of the BofA Funds. To manage these situations, we have internal policies and procedures that govern the treatment and safeguarding of confidential information, including material nonpublic information. Such policies expressly prohibit using material nonpublic information in making investment decisions for our advisory clients. To the extent that we become aware of circumstances that could adversely impact a BofA Fund, including that a BofA Fund has experienced a decline in net asset value or that a portfolio security has defaulted in the payment of principal or interest, we cannot redeem a client account’s shares in the BofA Fund on the basis of such information.

Our internal policies and procedures also restrict our employees from trading in a security, either personally or on behalf of others, or recommending a security when in possession of material nonpublic information relating to such security. Further, our policies govern the disclosure of material nonpublic information to others both within and outside of our company.

We consider information regarding portfolio holdings in all individually-managed client accounts to be confidential and proprietary. With respect to individually-managed clients, we may disclose your holdings on a real-time basis to you or your representative, and we may disclose to other parties on a need-to-know basis.

## **Item 12. Brokerage Practices**

Our Trading Subcommittee, a subcommittee of our Investment Oversight Committee, oversees key aspects of our trading practices, including best execution practices, approval and selection of trading counterparties, trade aggregation and allocation, and error resolution and prevention. The trading desk, credit research compliance, and operations, on a regular basis, all provide reporting to the Trading Subcommittee. Our Trading Subcommittee reviews trading counterparty selection and overall trade execution by analyzing a wide variety of data, including trade volume by both asset type and counter party, any assessments and/or trends in monthly counter party volumes, and any changes to the approved counter party list.

### **Allocation of Investment Opportunities**

We have adopted policies and procedures regarding the allocation of investment opportunities that are intended to ensure that clients are treated fairly over time and that one client, or group of clients, is not favored over another. Portfolio managers are required to allocate investment opportunities among clients in a fair and equitable manner while taking into consideration each client's investment guidelines, liquidity needs, financial objectives and current portfolio composition.

When an investment opportunity is deemed appropriate for multiple accounts within a particular strategy, generally the allocation of the securities transaction is made across all accounts for which we have full investment discretion, so that each client receives an equitable portion of the order. If the portfolio manager determines that a particular investment opportunity, although appropriate for multiple client accounts, is not available in sufficient quantities for all accounts, then, to the extent possible, the portfolio manager will make a pro-rata allocation among all such accounts based on the accounts' initial orders. In some instances, it may be more beneficial to the eligible accounts to allocate using other methods; for example, allocation based upon cash levels within an account or the need to bring the account in line with the overall investment strategy. When using these other methods, the portfolio manager is required to apply them consistently such that, over time, they are applied equitably to all clients. To the extent that the same investment opportunities might be desirable for more than one account and the supply of such securities is limited, possible conflicts could arise in determining how to allocate such opportunities. We have policies in place in order to address these potential conflicts.

When allocating securities transactions, we also consider any restrictions applicable to the transaction, including whether only certain types of investors are eligible to purchase the securities. For example, for purchases of securities where the issuer or seller is relying upon a transactional exemption from the registration requirements of the 1933 Act, applicable regulations may limit the purchase of such a security to those investors that satisfy certain investor sophistication standards as defined by applicable regulations.

### **New-Issue Allocations**

From time to time we may purchase for our clients new-issue securities. We seek to achieve fair and equitable treatment to all client accounts with respect to the allocation of new issues. Opportunities to purchase these types of securities are often limited, and there is the potential for conflicts in the allocation of such opportunities. In order to address these potential conflicts, we have adopted a policy regarding the allocation of new issues among clients.

When allocating new issues, portfolio managers, among other considerations, will take into account the size of the allocation received, liquidity needs and current issuer and sector concentrations. Priority may be given to certain accounts with specific geographic, capitalization or other restrictive mandates. For example, for municipal securities, certain state specific accounts may be given priority if the income on the security is exempt from the state's taxation scheme. Some

clients are not eligible to participate in new issues at all, including clients which are deemed “restricted persons” under restrictions issued by FINRA.

### Trade Aggregation

When our portfolio managers place multiple orders for the same transaction involving the same security at or around the same time with our trading desk, we may aggregate or “bunch” the orders to seek to minimize transaction costs and achieve favorable market efficiencies. We will not aggregate a trade unless we believe it is in the best interest of all clients involved and it is consistent with our duty to seek best execution. In determining whether to aggregate trade orders, we consider, among other things the size, price, timing, and settlement characteristics of the trade and any limitations on trading authorization (e.g., client-directed brokerage arrangements).

### Best Execution and Selection of Brokers

We generally have the authority, pursuant to the investment management agreement that you sign with us, to determine the broker-dealer to be used in any securities transaction on your behalf and the price to be paid to such broker-dealer. We consider the full range and quality of services when selecting a broker-dealer, including, among other factors, price, yield or spread; trade order characteristics; access to available inventory; execution capability; financial condition; responsiveness and willingness to commit capital; integrity, including the ability to maintain confidentiality; and technology infrastructure and operation capabilities. While our trading desk will employ these and other factors when evaluating best execution, the factors will have differing levels of importance depending on the circumstances of the particular trade.

When selecting broker-dealers, we are obligated to seek to obtain best execution of your transactions under the circumstances of the particular transaction. This means that we must endeavor to effect securities transactions for you in such a manner that your total cost or value in each transaction is most favorable under the circumstances. Throughout the day, best execution is continually assessed for individual transactions by accessing market information directly via the dealer community, as well as indirectly (e.g., via Bloomberg and electronic platforms such as MarketAxess) and comparing product availability, quoted spreads, and the overall relative value of services offered by competing broker-dealers. Monthly reports identifying total trading dollar volume by asset type and counter-party are reviewed by the Trading Subcommittee. Trade volume is also reviewed by the Investment Oversight Committee annually.

From time to time, we may execute client transactions with broker-dealers who may promote or sell fund shares of investment companies or other products managed by us or an affiliate of ours. Such arrangements are not considered and do not influence our selection of broker-dealers.

### Directed Brokerage

We may permit you to direct which broker-dealer we will use when effecting securities transactions for your account. We will not engage any securities broker-dealer to execute any transaction for you if, in our sole discretion, the use of such broker-dealer would violate any applicable law, regulation or stated position of the SEC or other regulatory body. If you direct us as to which broker to use to execute transactions for your account, we may be unable to achieve the most favorable execution for your transactions and such transactions may not be aggregated with orders for the same securities of other accounts managed by us. With certain directed brokerage arrangements we may step out a portion of the trade to the directed broker.

### Investment-related Errors and Corrections

From time to time in the course of effecting a transaction on behalf of your account, an investment-related error may occur. Investment-related errors may include instances where we inadvertently deviate from applicable laws or regulations, the terms of client agreements, or internal policies and procedures in connection with the purchase or sale of securities for client accounts. We have adopted policies and procedures that address the identification and resolution of investment-related errors that are intended to ensure the prompt, fair and equitable resolution of such errors.



When correcting an investment-related error, gains resulting from the correction of an error will be retained by your account, while losses will be absorbed by us. We will donate proceeds from any gains, not allocated to a client, to a charity of our choice. In addition, gains generated from one error may not be netted against losses created by a separate and distinct error. However, losses due to an investment-related error that are borne by us may be reduced by gains generated from one or more correcting trades, provided that the correcting trades relate to one single and distinct error.

We do not allow broker-dealers to “forgive” investment-related errors in exchange for additional transaction volume or anything else of value.

### **Item 13. Review of Accounts**

We generally employ a “team” approach in the management of client accounts. The portfolio management and independent compliance teams monitor accounts for adherence to account restrictions on a periodic basis. Portfolio management and compliance teams also regularly monitor client accounts to assess: market exposure; diversification; industry weightings; individual holdings; and portfolio adherence to client objectives.

Our BofA Global Capital Management Group, LLC Compliance Department monitors adherence with account guidelines on a pre- and post-trade basis as well as compliance with legal and regulatory requirements. The Bloomberg trade order management system utilized by our investment team and Compliance Department is the primary tool used for pre- and post-trade guideline monitoring and compliance.

Our portfolio managers are responsible for monitoring client accounts to ensure that each client’s account is invested in accordance with applicable legal and regulatory requirements, its investment guidelines and current investment strategy. In addition to the account reviews performed by the portfolio management and compliance teams, our client service department reviews individually-managed accounts as part of its relationship-management duties. The reviews are typically conducted on a quarterly cycle and the results of the review are generally expected to be presented to clients annually. Additional reviews may be triggered by client needs and/or requests, changes in market/economic conditions, or significant changes in holdings.

### **Nature and Frequency of Reports to Clients**

We generally provide written reports at the end of each calendar quarter showing the value and holdings of the account and summarizing changes affecting the account during the quarter. In certain instances, we may be able to provide performance and transaction detail reports more frequently. However, for clients participating in the Managed Account Program, we generally do not provide account statements or written reports. Reports regarding a client’s Managed Account Program account will be provided by the Sponsor (custodian) or Merrill Lynch.

### **Item 14. Client Referrals and Other Compensation**

We may from time to time enter into various arrangements pursuant to which affiliated persons (including employees of our affiliates) and unaffiliated persons may be compensated, either directly or indirectly, for referring clients to us. Additionally, we may enter into arrangements pursuant to which potential shareholders or investors are solicited for investment in investment companies or other financial products to which we provide management or investment services. The commissions or fees, if any, payable to such solicitors with respect to the solicitation of investments with us will be paid solely by us. Such compensation will not result in a charge to investment advisory clients, or in any differential in the level of advisory fees customarily charged, unless specifically disclosed to clients.

Such solicitation and referral service arrangements with our affiliates will be executed pursuant to one or more written agreements. These written agreements:

- Describe the solicitation activities to be engaged in by the solicitor on our behalf;
- Describe the compensation to be received for such services; and



- Require that the affiliation between the affiliate (and its employees) and BofA Advisors, be disclosed to the client or the potential client at the time of the solicitation or referral.

BofA Advisors may also enter into solicitation and referral services agreements with unaffiliated third parties and provide cash compensation to solicitors who refer clients to BofA Advisors. These agreements require that the solicitor comply with the disclosure and other requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940 (the “Advisers Act”), including the requirement that each client subject to a referral arrangement receive a copy of the solicitation/referral agreement prior to or at the time of entering into an agreement with BofA Advisors. Such solicitation and referral agreements generally provide for compensation equal to a specified percentage of fees received, or a percentage of the assets under management, by BofA Advisors from clients referred by the solicitor, or for fixed compensation payable on a periodic basis.

Arrangements where we pay compensation to solicitors for referrals create conflicts of interest for us as well as the solicitors. We, and our employees and supervised persons and our affiliates, have an incentive to utilize or recommend the solicitor's products and services. The solicitor also has a financial incentive to favor the services of, and products sponsored, distributed or managed by us and our affiliates, over the sale of interests of other investments with respect to which the solicitor does not receive such compensation, or receives lower levels of compensation. In addition, to the extent permitted by law, certain solicitors and their respective affiliates may provide brokerage and certain other financial and securities services to us or our affiliates. Such services, if any, will be provided at competitive rates.

To address these actual or potential conflicts of interest, we will invest (or recommend the investment of) client assets in such investment products only when such investments are consistent with the client's investment objectives, policies, guidelines and restrictions. Additionally, our solicitation policies relating to advisory clients require any unaffiliated third party solicitor to whom we pay a cash solicitation fee to provide a separate disclosure statement to clients and prospective clients. Our policies and procedures are reasonably designed to comply with applicable SEC rules. Finally, as discussed in more detail in the section of this brochure captioned “Item 5. Fees and Compensation” we generally will only make investments in funds advised by us if you specifically authorize us to do so.

### **Item 15. Custody**

Rule 206(4)-2 (the “Custody Rule”) under the Advisers Act governs whether an investment adviser is deemed to have custody of client funds or securities and imposes certain obligations on an adviser that is deemed to have custody. To protect client assets from improper appropriation or use by an adviser, the Custody Rule requires advisers that have physical custody or are deemed to have custody of their clients' assets to comply with certain requirements that are intended to help safeguard such assets from misuse or misappropriation. For example, if an adviser has custody under the Custody Rule, the adviser is required to have a surprise examination by an independent public accountant unless an exception to the surprise examination requirement of the Custody Rule applies.

We are deemed to have custody under the Custody Rule if we hold, directly or indirectly, client funds or securities, or have the authority to obtain possession of client funds or securities. Custody is broadly defined in the Custody Rule and includes the following situations:

- where an affiliate of ours holds, directly or indirectly, client funds or securities, or has the authority to obtain possession of client funds or securities, in connection with advisory services we provide to clients;
- where we have possession of client funds or securities (but not of checks drawn by clients and made payable to third parties) unless we received them inadvertently and we return them to the sender promptly but in any case within three business days of receiving them;
- any arrangement (including a general power of attorney) under which we are authorized or permitted to withdraw client funds or securities maintained with a custodian upon our instruction to the custodian (including where a client gives us the authority to direct the client's custodian to debit the client's account for the payment of our advisory fees); and

- any capacity (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle, or trustee of a trust) that gives us legal ownership of or access to client funds or securities.

It is our policy not to take physical custody of advisory client assets. Only in the following specific and limited circumstances are we willing to enter into arrangements with clients where we will be deemed to have constructive custody:

- When U.S. Trust, a division of BANA, has custody of client assets. However, because we have determined that we are operationally independent from BANA, we are not required to have an independent public accountant conduct a surprise examination of client assets.
- When a client gives us the authority to direct the client's custodian to debit the client's account for the payment of our advisory fees. In this case, we seek to obtain a reasonable belief that funds or securities of applicable clients are maintained with a "qualified custodian." The term "qualified custodian" includes: banks and savings associations; registered broker-dealers; futures commission merchants; and foreign financial institutions that customarily hold financial assets for their customers, provided that customer assets are segregated from accounts holding proprietary assets. We are not subject to an annual surprise examination given an exception in the Custody Rule (the exception provides that an adviser is not required to have an annual surprise examination when the adviser is deemed to have custody of client assets solely because of its authority to deduct fees from client accounts).
- With respect to nonregistered pooled investment vehicles, if we act in a capacity as both an investment adviser to and general partner of a limited partnership (or depending on the organizational structure of the pooled investment vehicle, a managing member in the case of a limited liability company), we are deemed to have custody with respect to the pooled investment vehicle. We are not subject to an annual surprise examination given an exception provided by the Custody Rule (the exception provides that an adviser is not required to have an annual surprise examination with respect to a nonregistered pooled investment vehicle provided the non registered pooled investment vehicle is subject to an annual financial statement audit and provides financial statements to all limited partners/members of the nonregistered pooled vehicle).
- In certain circumstances where we may inadvertently receive funds or assets of a client. We are deemed to have received funds or assets inadvertently if we have in good faith used our reasonable best efforts to direct such third parties to deliver the client assets to the client or a qualified custodian; have no control over the third parties; and have not directly or indirectly caused the third-party to deliver client assets to us. We are not deemed to have custody if we inadvertently receive funds or assets of a client and we handle the funds or assets in the following manner:
  - If we receive funds or securities for an advisory client from the client itself (except for the BofA Funds), we return the funds or securities to the sender within three business days.
  - If we inadvertently receive funds (e.g., a check that is made payable to client) or assets of a client from certain third parties, we forward the client assets to our client (or former client) or to the client's qualified custodian, but in no event later than five business days following receipt of such assets.

If you are an individually-managed account client of ours, you should receive account statements from us and from your custodian. We urge you to compare the account statements you receive from your custodian with the account statements you receive from us. We generally do not provide account statements or written reports to clients participating in the Managed Account Program. Reports regarding a client's Managed Account Program account will be provided by the Sponsor (custodian) or Merrill Lynch.

#### Item 16. Investment Discretion

The investment-management agreement you sign with us generally makes us agent and attorney-in-fact with full power and authority to act on behalf of your account, and therefore we have the authority to determine, without obtaining specific consent, the securities to be bought or sold, the amount of the securities to be bought or sold, the broker or dealer to be used, and the spread or commission rates paid to broker/dealers; however, such authority does not include the authority to deliver

or pay securities or cash to ourselves except where you have agreed to give us the authority to direct your custodian to debit your account for the payment of our advisory fees. In certain circumstances, we may agree that you may further limit our discretionary authority; for example, we may agree to not purchase certain types of securities for your account.

### Item 17. Voting Client Securities

Given that our investment advice is generally limited to short-term fixed income securities, we do not typically purchase equity or other securities that have voting rights; however, from time to time we may purchase securities for our client accounts that have voting rights. When you enter into an investment management agreement with us, you may elect whether you want us to vote proxies on your behalf or whether you will retain the right to vote your own proxies.

Unless instructed otherwise, we generally will vote all proxies for discretionary accounts of which we become aware, subject to certain exceptions as noted below. We utilize a third-party service provider to vote all proxies using voting guidelines supplied by us. Our Investment Oversight Committee, composed of senior investment professionals and other senior members of our business, sets the general policy for the voting of proxies.

Our voting guidelines address matters relating to boards of directors, corporate governance, compensation, capitalization, acquisitions and other restructuring transactions, takeover defenses, and certain other business matters. In some cases, the voting guidelines require that certain matters be determined by us on a case-by-case basis. The Investment Oversight Committee may vary from a predetermined guideline if it determines that voting on the proposal according to the predetermined guideline would be expected to adversely affect the best interest of the client.

When we vote proxies, we do so in a manner considered by us to be in the best interest of our clients, considered as a group rather than individually, without regard to any resulting benefit or detriment to us, our employees or our affiliates. From time to time, proxy voting proposals may create or give rise to an actual or apparent conflict of interest between the interests of our clients and the interests of us, our employees, Bank of America and/or our affiliates. For example, we consider proxy matters of Bank of America and affiliated money market mutual funds to present a material conflict of interest. We and Bank of America have adopted various policies designed to address any material conflicts of interest that may arise.

From time to time, we may face regulatory or compliance limits on the types or amounts of voting securities that we may purchase or hold for client accounts, including ownership limits which may restrict the total percentage of an issuer's voting securities that we can hold for clients. As a result, in the limited circumstances in which we vote proxies and in order to comply with such limits and/or internal policies designed to comply with such limits, we may delegate proxy voting in certain issuers to a qualified, independent third-party, who may be our proxy voting agent.

Clients, and prospective clients, may obtain a copy of our Proxy Voting Policy upon request. Our proxy decisions are confidential. We will disclose information regarding how we voted proxies for securities held by registered investment companies only through annual public filings. If you wish to obtain information concerning how securities in your account were voted for up to a one-year period, please contact your client service representative.

### Item 18. Financial Information

We do not require or solicit prepayment of fees six months or more in advance and, therefore, we are not required to include a balance sheet.

We have discretionary authority over client securities and are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients, nor have we been the subject of a bankruptcy petition at any time during the past ten years.