



COVER PAGE

**First Citizens Asset Management,
Inc.**

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This brochure provides information about the qualifications and business practices of First Citizens Asset Management, Inc. ("FCAM" or "Adviser"). If you have any questions about the contents of this brochure, please contact us at 803-931-1691. 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 First Citizens Asset Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. You may locate this information by use of our CRD registration number which is 140777.

First Citizens Asset Management, Inc. ("FCAM") is a Securities and Exchange Commission (SEC) registered investment adviser under the Investment Advisers Act of 1940. (Registration does not imply a certain level of skill or training.) FCAM is a corporation formed under the laws of the State of South Carolina and is wholly owned by First-Citizens Bank & Trust Company, which a publicly traded company.

First Citizens Wealth Management is a joint marketing mark of First-Citizens Bank & Trust Company, Member FDIC, First Citizens Investor Services, Inc., Member FINRA/SIPC, an SEC-registered broker-dealer and investment advisor; and First Citizens Asset Management, Inc., an SEC-registered investment advisor.

Material Changes

Change of Board Members

On February 11, 2016, by consent action, a new Board of Director member, Steve F. Bogaczyk, joined the First Citizens Asset Management, Inc. (FCAM). The Board of Directors consists of the following individuals.

Michael C. Wilson, Chairman
Steve F. Bogaczyk
Barry P. Harris IV
Robert E. Spires
Edward L. Willingham IV
Brent Ciliano

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Item 4. ADVISORY BUSINESS

FCAM has been in business since 2006. Our business is to provide investment advisory services to individuals, corporations and other business entities. FCAM consults with the client to obtain detailed financial information and other pertinent data in order to determine the appropriate investment guidelines, risk tolerance and other factors that will assist in ascertaining the suitability of the account. The client may impose restrictions on our ability to implement particular types of investments or strategies on its behalf if that is the client's preference as part of this process. Asset management services are provided to clients on a limited discretionary or non-discretionary basis. The investment advisory services of FCAM are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of FCAM (referred to as your "investment adviser representative" or "financial advisor" throughout this brochure). You may obtain information about your investment adviser representative through the Brochure Supplement, which is a separate document that is provided along with this disclosure brochure. If you did not receive a Brochure Supplement for your investment adviser representative, please contact FCAM Compliance at 803-931-1693.

All programs, investments and services described in this brochure are offered by First Citizens Asset Management, Inc. and are not offered by a bank. These programs (i) are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other agency of the United States (ii) are not deposits or obligations of, or guaranteed by, and bank or affiliate of any bank, or First Citizens Asset Management, Inc. and (iii) involve risk, including possible loss of principal and loss of value.

FCAM provides three different types of investment advisory programs; 1) WRAP Program, 2) Separately Managed Account (SMA) Program and, 3) Unified Managed Account (UMA) Program.

- 1) WRAP Program bundles advisory, administrative, and transaction charges into one asset-based fee. A portion of the wrap fee is allocated to the administrative fee, which covers administrative and supervisory services provided by FCAM as well as transaction, execution, clearing and custodial services as provided by a third party clearing firm.
- 2) Separately Managed Account (SMA) Program gives the third party manager discretionary authority with respect to investment management of client accounts. Your Advisor will assist clients in selecting one or more managers based upon the client's risk tolerance, investment objectives, goals and objectives.
- 3) Unified Managed Account (UMA) Program gives you the ability to use money managers using discretion and/or you and your Adviser together on a non-discretionary basis to create a portfolio. You and your Adviser will identify your

Investment goals and objectives as well as risk tolerance in order to determine the combination of portfolio management. Under the FCAM UMA Program, FCAM provides certain discretionary advisory management services to state and local municipal entities, including investing proceeds of and/or funds used to satisfy obligations under municipal offerings within U.S. Government and agency securities.

FCAM PROGRAMS

Through the FCAM Programs, FCAM oversees clients' portfolios based upon the client's risk profile, investment horizon, financial goals, income (current and potential), tax bracket, portfolio size, net worth and other various suitability factors. Assets are allocated within a mix of securities including, but not limited to, equities, bonds, convertible bonds, government securities, municipal bonds, preferred stock and exchange traded funds. FCAM offers clients the ability to have access to third party money managers. Each client has the opportunity to place reasonable restrictions on the type of investments to be held in the portfolio although restrictions and guidelines imposed by clients affect the composition and performance of portfolios. For this reason, performance of portfolios within the same investment objective may differ.

1. The FCAM WRAP Program consists of three programs all of which are offered as "wrap account" programs which bundle advisory, administrative, and transaction charges into one asset-based fee. A portion of the wrap fee is allocated to the administrative fee, which covers administrative and supervisory services provided by FCAM as well as transaction, execution, clearing and custodial services as provided by a third party clearing firm. FCAM also receives a portion of the fee for advisory services. Clients should consider that depending upon the level of the wrap fee charges, the amount of portfolio activity in their accounts, the value of services that are provided under these programs, and other factors, the wrap fee may or may not exceed the aggregate cost of services if they were to be provided separately. Under a wrap account program, your assets would be managed by FCAM generally in the same manner as assets managed by FCAM for clients not in a wrap account program other than the requirements or restrictions of the particular program although this would be subject to your particular investment needs and objectives.
2. In the FCAM SMA Program, clients may elect to utilize the investment skills of professional third party money managers. This program gives the third party manager discretionary authority with respect to investment management of client accounts. FCAM Advisors assist clients in selecting one or more managers based upon the client's risk tolerance and investment objectives. Clients may impose reasonable restrictions upon the management of the account. Through the selected platform providers, FCAM is able to offer to clients a variety of money managers which allow the Advisor to match the client's investment objectives and goals to the manager. The platform provider

monitors managers on an on-going basis for financial soundness and performance, and to insure that the manager is adhering to the goals and investment objectives stated in the program and provides this information to FCAM's Investment Committee. Additionally, the platform provider monitors the performance of other third party money managers not included in the program to determine whether any other managers should be included to better serve clients and provides this information to FCAM's Investment Committee.

Clients will receive periodic performance reports from FCAM. FCAM has discretion to hire or terminate any third party manager and assign or reassign investment managers. Termination of a third party manager does not terminate the program or your account with FCAM.

The platform provider may have an attorney-in-fact for the account and may vote proxies according to its discretion. FCAM does not act in such a capacity or have such authority.

It is the client's responsibility to notify FCAM if there have been any changes in their financial situation, investment objectives, or management restrictions. At least annually, FCAM will consult with clients to determine whether there have been any changes in their financial situation or investment objectives, and whether clients wish to impose any reasonable restrictions on the management of the account or reasonably modify any existing restrictions.

3. Through the FCAM UMA Program, you may select a money manager and/or your Investment Adviser Representative ("Advisor") of FCAM to manage your portfolio. The money manager the client selects will have discretion and the Advisor will work with the clients on a non-discretionary basis. The client and Advisor will work together to identify their investment goals and objectives as well as risk tolerance in order to create an initial portfolio allocation designed to complement the client's financial situation and personal circumstances to determine a portfolio management. FCAM has developed specific asset allocation models consisting of various investment vehicles including equities, fixed income securities and alternative investments which the Advisors will evaluate to determine the best fit for a client. The Advisors may deviate from the models at their discretion to meet a client's specific needs. The investment strategies utilized depend on the individual client's investment objectives and goals as provided to the Advisor. Portfolios are constructed along basic investment objective categories and focus primarily on a long-term buy and hold approach as opposed to short-term trading.

However, each client has the opportunity to place reasonable restrictions on the type of investments to be held in the portfolio. The Advisor may periodically rebalance the client's account to maintain the initially agreed upon strategic and tactical asset allocation. However, no changes are made to the agreed-upon asset allocation nor are assets rebalanced without prior client review and consent.

The Investment Committee discretionarily manages the Funds Program assets, including selecting the specific Funds and any other securities used in the Program. In selecting and reviewing Funds, the Committee uses fund performance information from independent reporting sources, including fund information provided by the Consultant. The Committee's decision to include or retain a Fund in the program is guided by quantitative and qualitative criteria which may include:

A. Quantitative Criteria

Quantitative criteria are evaluated both in terms of a Fund's absolute performance and performance relative to its investment-style group or sector, and may include:

1. Rate of return
2. Standard deviation of returns
3. Risk-adjusted rate of return
4. Consistency of returns

B. Qualitative Criteria

Qualitative criteria used in Fund evaluations may include:

1. Years in the business
2. Assets under management
3. Investment philosophy
4. Adherence to investment philosophy
5. Financial, operational, and client servicing resources

The Committee meets quarterly and on an as-needed basis. The Committee periodically reviews the current Funds used within the Funds Program, and periodically considers the addition of new Funds to the Program. FCAM may add or remove Funds at its discretion. The Committee may elect to replace a current Fund if it determines that it does not meet one or more of the criteria identified above. In deciding whether to replace a Fund, the Committee takes into consideration all relevant criteria; no single criterion is necessarily determinative. A decision to remove or replace may also be driven by a Fund's change of terms and/or imposition of new restrictions, such as closing to further investments. Where a Fund is removed, FCAM will generally liquidate that investment and reinvest the proceeds in a replacement Fund. As discussed below, FCAM and the Committee do not consider the tax consequences, if any, of any such transactions.

If other securities are used within the Funds Program, the Committee follows the same process, using the same or similar criteria and information in the selection and review of those securities.

Portfolio Manager Designation and Reviews

FCAM may select Third Party Managers available in the SMA or UMA Programs primarily from information that was provided by those firms and/or was publicly available. Performance information used by FCAM is generally provided by the relevant third party management firm; FCAM does not attempt to independently determine or verify the information's accuracy or its compliance with presentation standards. The third party management firms may not calculate performance information on a uniform or consistent basis. FCAM from time-to-time considers additional third party management firms for the Program. In this process, FCAM may obtain and rely upon certain information from independent sources, including a Consultant.

In its reviews and selections, the Committee analyzes the Third Party Managers and candidate firms based upon quantitative and qualitative criteria which may include:

A. Quantitative Criteria

Quantitative criteria are evaluated both in terms of a Portfolio Manager's or a firm's absolute performance and performance relative to its investment style group and may include:

1. Rate of return
2. Standard deviation of returns
3. Risk-adjusted rate of return
4. Consistency of returns

B. Qualitative Criteria

Qualitative criteria used in Portfolio Manager or firm evaluations may include:

1. Years in the business
2. Assets under management
3. Investment philosophy
4. Adherence to investment philosophy
5. Financial, operational, and client servicing resources
6. History of Portfolio Manager

The Committee meets quarterly and on an as-needed basis, and periodically reviews the Managers. When appropriate, the Committee considers removing a firm as a Manager. The removal a Manager may be based upon the criteria described above or upon other information the Committee deems material. The Committee considers all relevant criteria; no one criterion is necessarily determinative. In its review process, the Committee places emphasis on a Manager's long-term overall performance.

Investment Advisory Services to Municipalities

As part of the FCAM UMA Program, FCAM provides certain discretionary advisory management services to state and local municipal entities, including investing proceeds of and/or funds used to satisfy obligations under municipal offerings within U.S. Government and agency securities. Such advisory services are offered pursuant to the exemption pursuant to Exchange Act Section 15B(e)(4)(C), which exempts from the definition of municipal advisor any investment adviser registered under the Advisers Act, or persons associated with such investment advisers who are providing investment advice pursuant to an advisory agreement within the scope of the Advisers Act.

Item 5. FEES AND COMPENSATION

Clients are billed the asset-based fee in advance based upon the assets under management on either a monthly or quarterly basis, depending upon the particular program chosen. The timing of such billing is determined, in part, by the particular investment program chosen by the registered investment advisor along with the client. Details of fees, as well as the timing of such fees, will be discussed and disclosed in the client agreement prior to opening an account.

FCAM WRAP Program Fee Schedule

Account Size	Maximum Fee
\$50,000 - \$100,000	2.00%
\$100,001 - \$200,000	1.75%
\$200,001 - \$500,000	1.25%
\$500,001 AND ABOVE	1.00%

FCAM SMA Program Fee Schedule

Account Size	Maximum Fee
\$50,000 - \$100,000	2.00%
\$100,001 - \$200,000	1.75%
\$200,001 - \$500,000	1.25%
\$500,001 AND ABOVE	1.00%

FCAM UMA Program Schedule

Market Value	Maximum Annual Fee	
	Equity & Balanced	Fixed Income
\$100,000 - \$249,999	2.75%	1.85%
\$250,000 - \$499,999	2.75%	1.80%
\$500,000 - \$749,999	2.00%	1.50%
\$750,000 - \$999,999	2.00%	1.50%
\$1,000,000 - \$1,999,999	2.00%	1.25%
\$2,000,000 - \$4,999,999	1.50%	1.00%
Amounts Over \$5,000,000	1.00%	0.85%

These fee amounts may be negotiated depending upon circumstances including, but not limited to, account composition and complexity, other client, employee or family relationships, etc. which may result in different fees being charged by us for client accounts similar in composition and objectives.

You should understand that mutual funds, including exchange traded funds and similar investment products, in which your assets are invested by us or by others, impose separate investment management fees and other operating expenses, described in the fund's prospectus, for which you, the client, will be charged separately from the fee paid to us for our services.

FCAM utilizes money market funds as temporary investment vehicles for clients as permitted by law and subject to applicable restrictions. The use of money market funds in “sweep” arrangements, for temporary investment purposes or otherwise, may result in FCAM earning advisory, distribution or other fees described herein. The fees earned by FCAM may vary depending on the money market funds utilized.

Management fees are payable in advance on a monthly or quarterly basis, commencing when both the client investment management agreement is signed and the assets are deposited in the client’s account. Either party may terminate the contract upon written notice. Upon termination, FCAM will refund any prorated amount due to the client as of the termination date.

FCAM is not compensated on the basis of a share of capital gains or capital appreciation in a client’s account or any portion thereof.

The client will grant FCAM the authority to receive monthly and quarterly fee payments directly from the client’s account held by an independent custodian. Accordingly, the client provides, in writing, limited authorization to withdraw the contractually agreed upon fees from the account. The custodian of the account is made aware of the limitation of FCAM’s access to the account. The custodian sends the client a statement, at least quarterly, indicating all the amounts disbursed from the account including the amount of advisory fees paid directly to Adviser which the client should verify for accuracy as to our fee calculation. The custodian of the account holds all customer assets. FCAM does not physically hold or handle customer funds or securities.

Clients may be able to purchase shares of mutual funds outside of these programs directly from the mutual fund issuer, its principal underwriter or a distributor without purchasing the services of the program or paying the account fee on such shares (but subject to any applicable sales charges). Certain mutual funds are offered to the public without a sales charge. In the case of mutual funds offered with a sales charge, the prevailing sales charge (as described in the mutual fund prospectus) may be more or less than the applicable account fee. However, clients may not then receive the benefit of the representative’s investment advice. If you elect to have your investment adviser representative, in his or her separate capacity as a registered representative, implement the recommendations of FCAM, your investment adviser representative at his or her discretion may waive or reduce the investment advisory fee charged by the amount of the commissions received as a registered representative. Any reduction of the investment advisory fee will not exceed 100% of the commission received as a registered representative.

You should go to the section on Advisory Business above and the section on Brokerage Practices below for important information on how we select brokerage firms for your securities transactions and information related to that process.

Item 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

This section does not apply to First Citizens Asset Management, Inc. Neither FCAM nor any of its supervised persons accept performance-based fees. Performance-based fees are fees based on a share of capital gain on or capital appreciation of the assets within the client's account.

Item 7. TYPES OF CLIENTS

Our clients include individual persons, trusts, estates, charitable organizations, municipalities and other governmental entities, and corporations or similar business entities. You are required to execute a written agreement with FCAM specifying the particular advisory services in order to establish a client arrangement with FCAM. Generally, our minimum account size is \$50,000 for the Asset Manager Program and Fund Manager Program and \$100,000 for the Unified Managed Account Program although this may be waived based on considerations such as the account's relationship to established clients and other factors.

Client Assets Managed by FCAM

As of 12/31/2016, FCAM manages \$164, 445,587 of client assets on a discretionary basis.

Item 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

FCAM may use the following methods of analysis in formulating investment advice:

Cyclical – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins. While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a

quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

There are risks involved in using any analysis method.

To conduct analysis, FCAM may gather information from financial newspapers and magazines, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

Investment Strategies

FCAM may use the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Tactical asset allocation. Allows for a range of percentages in each asset class (such as Stocks = 40-50%). The ranges establish minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

Strategic asset allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client’s goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

Primarily Recommend One Type of Security

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client’s specific circumstances and needs.

Risk of Loss

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company’s employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF’s or mutual fund’s operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Margin Risk - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm’s collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Asset Management Agreement established between you and FCAM and held by the account custodian or clearing firm.

These risks include the following:

- **You can lose more funds than you deposit in your margin account.**
- **The account custodian or clearing firm can force the sale of securities or other assets in your account.**
- **The account custodian or clearing firm can sell your securities or other assets without contacting you.**
- **You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.**
- **The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.**
- **The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and they are not required to provide you advance written notice.**
- **You are not entitled to an extension of time on a margin call.**

Item 9. DISCIPLINARY INFORMATION

FCAM has no disciplinary information or events to report.

Item 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As discussed in the sections on Advisory Business and Fees and Compensation above, FCAM has a material arrangement with an affiliated brokerage firm, First Citizens Investor Services (FCIS). The management, certain support staff and the investment adviser representatives of FCAM are registered with FCIS. Our representatives are also registered representatives of FCIS, a securities broker-dealer. You may work with your investment adviser representative in his or her separate capacity as a registered representative of FCIS. When acting in his or her separate capacity as a registered representative, your investment adviser representative may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and annuity and life products to you. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use FCIS and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions, in their separate capacity as registered representatives, they must use FCIS. Prior to effecting any such transactions, you are required to enter into a new account agreement with FCIS. The commissions charged by FCIS may be higher than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

A client referred by First-Citizens Bank & Trust Co. to FCAM should be aware of the following about the securities generally recommended and/or purchased/sold on behalf of client by FCAM:

- Are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other federal or state deposit guarantee fund or other government agency;
- Not endorsed or guaranteed by the bank or their affiliates;
- Are not deposits or obligations of the depository institutions and are not guaranteed by the depository institutions;
- Investments and securities are subject to investment risks, including possible loss of principal invested.

Certain employees of First-Citizens Bank & Trust, Co. will act as dual employees and investment advisory representatives of FCAM, and will be responsible for providing investment advice to municipal clients of FCAM.

Michael Wilson, is the President of FCAM, and is also Director of the Wealth Management Group of First-Citizens Bank & Trust Co., FCAM's parent company. In this capacity, he is responsible for various departments, including the Bank's trust department, private banking

department and the affiliated First Citizens Investor Services (FCIS).

Affiliation with First Citizens Investor Services

Advisors of FCAM are also registered representatives of First Citizens Investor Services ("FCIS"), member FINRA, SIPC, a brokerage firm which is affiliated with FCAM and registered with the SEC and with the Financial Industry Regulatory Authority ("FINRA"). In this capacity, they may execute transactions in securities such as mutual funds, equities, bonds, options, annuities and other investment products to clients of FCIS who may also be clients of FCAM on an agency basis only and receive normal and customary commissions as a result of securities transactions. They spend approximately 75% of their time on these activities on behalf of FCIS. Advisors of FCAM may also be licensed, registered or approved through insurance companies and through FCIS to offer insurance products such as life insurance, long-term care insurance, whole life insurance, and term life insurance and receive normal and customary commissions as a result of such a purchase. These insurance products may be offered to clients of FCIS who are also clients of FCAM. They spend 5% of their time on these activities on behalf of FCIS.

However, FCAM's primary business is as an investment advisor. Advisors of FCAM representatives spend the remainder of their time in this capacity on behalf of FCAM. As stated, Advisors of FCAM may receive compensation for the non-advisory services described above that they may provide on behalf of FCIS. Such compensation to the Advisors of FCAM would be in addition to, and separate from, the advisory and other fees that FCAM may receive for its services.

The foregoing compensation arrangements may create a conflict of interest to the Advisor since the Advisor may have an incentive to recommend those investment products described above based on the commissions received rather than the client's investment needs. FCAM addresses this conflict by not allowing the Advisor to receive such commission based compensation through their capacity as an Advisor of FCAM.

Clients are free to implement recommendations received from FCAM or from FCIS through any firm of their choosing. Clients are under no obligation to purchase or sell securities through FCIS or any other company affiliated with FCAM. However, if clients participate in any of the "wrap" programs or platforms set forth above in the section on Advisory Business, their securities transactions will be executed through FCIS which may create a conflict of interest since FCAM has a material arrangement with FCIS for the provision of such execution services as well as administrative support, investment and research tools, and other investment-related services. In addition, under the rules and regulations of FINRA, FCIS has the obligation to perform certain supervisory functions regarding certain aspects of the advisory activities of Advisors of FCAM who are also registered representatives of FCIS. FCAM may pay FCIS a portion of the advisory fees it receives for its services in this regard.

Notwithstanding the foregoing, FCAM strives to serve the best interests of its clients. However, FCAM does not warrant or represent that commissions for transactions implemented through FCIS will be lower than commission costs incurred if clients were to use another brokerage firm although FCAM believes the overall level of services and support provided to clients by FCAM outweighs the potentially lower transaction cost available through other unaffiliated brokerage

arrangements. FCAM does not reduce our investment advisory fees by the amount of any commissions or similar fees received by our Advisors in their capacity as registered representatives of FCIS.

FINANCIAL PLANNING

FCAM may prepare and provide clients with a written financial plan designed to help them achieve their individual financial goals and investment objectives. The preparation of such a plan may necessitate that the client provide FCAM with personal data such as family records, budgeting, personal liability, estate information and additional financial goals. The financial plan may include any or all of the following as requested and/or directed by the client: asset protection, tax planning, business succession, strategies for exercising stock options, cash flow, education planning, estate planning and wealth transfer, charitable gifting, long-term care and disability planning, retirement planning, insurance planning, asset allocation comparisons, and risk management. Implementation of financial plan recommendations is entirely at the client's discretion. You should be aware that there are important topics that may not be included or covered when your investment adviser representative develops his or her analysis and recommendations under a written financial plan. FCAM does not charge a fee for financial planning services provided to FCAM clients.

FCAM does not provide tax, accounting or legal advice. Should a client choose to implement the recommendations contained in the plan, FCAM suggests the client work closely with his/her attorney, accountant, insurance agent, and/or Registered Representative, some of whom may also be affiliates of FCAM.

Certain companies which are affiliated with FCAM may also function as clients' insurance agent and/or Registered Representative in addition to providing investment advisory services. As part of the initial and continuing implementation of an investment plan on a client's behalf, we and certain of our employees will receive commissions from the purchase or sale by a client of certain investment products such as annuities, real estate investment trusts and certain insurance products. Please refer to the sections on Fees and Compensation and on Other Financial Activities and Affiliations below for additional important information.

Clients should understand that they remain responsible for notifying us of changes in their financial circumstances, investment objectives or investment restrictions. In addition, we will not verify independently any information we receive from our clients or our clients' other professional advisors but will instead rely upon the accuracy and completeness of the information provided in performing our services for our clients.

Item 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

FCAM has adopted a written Code of Ethics under which certain employees are generally restricted from effecting certain transactions in securities for their personal accounts in order to seek to avoid conflicts of interest with transactions being effected in client accounts. Our employees may buy or sell the same securities that we recommend that our clients invest in or that we purchase or sell on our clients' behalf. This presents a conflict of interest between our employees' own financial interest and the best interest of our clients.

To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”.
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of FCIS.

Any associated person not observing our policies is subject to sanctions up to and including termination.

Conflicts of Interest

Discounting:

The Adviser has the ability to discount the commission or fees the Client pays on certain investments or programs. These discounts may create a conflict of interest between the Client’s interests and the Firm’s because the Firm’s compensation is negatively impacted when commissions are discounted.

Licensing of Advisers:

Not all Advisers are licensed to offer both brokerage and investment advisory products and services. Some Advisers may only be licensed to make a Recommendation regarding investment company (i.e., mutual funds) or variable contract products (i.e., variable annuities) and may not be licensed to make a Recommendation for individual equities or fixed income products (i.e., stocks and bonds) or provide investment advisory products or services. Because of the differences in compensation payable with respect to these products, this could be seen as creating a conflict for the Adviser.

Approved Product List:

The Firm limits Recommendations to products available through an approved product list. The approved product list does not contain the entire universe of securities products available in the marketplace or that may be available through other broker-dealers or investment advisory firms. In light of the differences in the way some products compensate the Firm and the Advisers as compared to others, this may create a conflict of interest.

Rollovers:

When the Client invests with the Firm as a result of a Recommendation to rollover or transfer the Client’s assets from an employer-sponsored plan, another brokerage firm or investment adviser, the Firm receives compensation. This compensation creates a potential conflict between the Client’s interests and the Firm’s because the Firm’s compensation is based, in part, on the assets placed with

the Firm. In addition, in a rollover from an employer-sponsored plan, a conflict exists because the compensation received by the Firm and the Adviser will generally be greater than that received in the plan.

Distributions:

Compensation and performance incentives may cause a conflict between the Client's interests and the Firm's when the Adviser provides Recommendations for distributions from any of the Client's IRAs. When the Client makes a distribution from an IRA, certain commissions or sales charges may be generated. Further, if the Client has both a transaction-based IRA and an advisory program IRA, the Firm may have been incented to advise the Client to take a distribution from the Client's transaction-based IRA and not the Client's advisory program IRA because the distribution would generate additional transactional revenue and would not affect the amount of the Client's asset-based fee in the Client's advisory program IRA.

Transaction-based IRAs vs. Advisory Programs IRAs:

The Client may be eligible to invest retirement assets in an asset-based fee advisory program IRA. Instead of paying a commission per transaction, the Client would pay a fee based on a percentage of the market value of the assets held in the Client's account for the services the Firm provides. Fee-based IRA accounts may offer additional types of investment options, including mutual funds. Depending on the Client's circumstances, including the number of transactions the Client anticipates making and what services the Client wants, an advisory program can be more or less expensive than a transaction-based IRA. Typically, the Firm would earn more in upfront commissions in a transaction-based IRA. On the other hand, the Firm would typically earn more over time if the Client invests in one of the Firm's fee-based advisory programs. These differences in compensation create a conflict between the Client's interests and the Firm's when recommending the type of account most appropriate for the Client.

Non-Cash Third-Party Incentives:

FCIS as a broker dealer receives Third-Party Payments with respect to investment recommendations, as follows:

Annuities: Insurers that issue variable annuity contracts pay FCIS the following types of Third-Party payments:

- "Up-front" insurance commissions at the point-of-sale, including gross dealer concessions;
- "Trailing commissions" or "trails" (or "renewal fees") for ongoing services as long as the annuity remains in force; and/or
- Revenue sharing, marketing fees, administration fees and other similar fees relating to sales and support services.

The amount of these Third-Party payments varies between different variable annuities and different annuity issuers.

Fixed Indexed Annuities: Insurers that issue fixed indexed annuity contracts pay FCIS the following types of Third-Party payments:

- "Up-front" insurance commissions at the point-of-sale, including gross dealer concessions;
- "Trailing commissions" or "trails" (or "renewal fees") for ongoing services as long as the annuity remains in force; and/or
- Revenue sharing, marketing fees, administrative fees and similar fees relating to sales and

support services.

The amount of these Third-Party payments varies between different fixed indexed annuities and different annuity issuers.

Mutual Funds: Mutual funds pay FCIS the following types of Third-Party payments:

- “Up-front” sales commissions or “loads” at the point-of-sale;
- 12b-1 distribution fees; and/or
- Fees for sub-accounting services, sub-transfer agency services, and/or other revenue sharing or similar payments for services to the funds.

The amount of these Third-Party payments varies between different fund families, different funds and different share classes.

Third party providers, including annuity product partners, annuity wholesalers, investment managers, ETF wholesalers, and insurance distributors, may also give financial advisors gifts up to a total value of \$100 per provider per year, consistent with industry regulations. Third parties may occasionally provide financial advisors with meals and entertainment of reasonable value. These incentives create a conflict between the Client’s interests and those of the Advisor and may cause the Advisor to recommend those product partners that provide these noncash incentives.

Training and Marketing Incentives:

Third-party providers such as annuity product partners, annuity wholesalers, investment managers, ETF wholesalers, and insurance distributors may reimburse and/or pay certain expenses on behalf of financial advisors and the firm, including expenses related to training, marketing, and educational efforts. training of the Adviser can occur at branch offices, seminars, meetings, or other events. The training focuses on, among other things, the third-party provider’s products, suitability, product literature, and product support. These incentives create a conflict between the Client’s interests and those of the Adviser and may cause the Adviser to recommend those product partners that provide marketing and educational opportunities and to whom the Adviser has greater access.

Performance Standards and Incentive Compensation for the Adviser:

The Adviser's performance can be measured in various ways and performance measurements are positively impacted by the assets under care. These positive impacts in performance measures can lead to increased compensation. This incentive creates a conflict between the Client’s interests and those of the Adviser when recommending that the Client rollover or transfer the Client’s assets to FCAM, keep the Client’s assets at FCAM, and engage in transactions within the Client’s account.

Item 12. BROKERAGE PRACTICES

Please refer to the section on Fees and Compensation above for important information concerning our use of an affiliated brokerage firm, First Citizens Investor Services (FCIS), member FINRA, SIPC, to execute transactions on behalf of our clients. FCAM strives to serve the best interest of its clients. However, FCAM does not warrant or represent that commissions for transactions implemented through FCIS will be lower than commission costs incurred if clients were to use another brokerage firm although FCAM believes that the overall level of services and support provided to clients by FCAM outweighs the potentially lower transaction cost available through other unaffiliated brokerage arrangements.

FCAM reviews the brokerage practices of FCIS and the reasonableness of compensation or other remuneration paid to FCIS in an effort to seek best execution of our clients, transactions on a monthly basis.

FCAM will require our clients execute transactions through our affiliated brokerage firm, FCIS. Not all investment advisory firms require their clients to do this. Please refer to the sections above on Advisory Business and on Fees and Compensation for important information on this arrangement. This creates a conflict of interest on our part by requiring that you execute transactions through the affiliated brokerage firm and we may be unable to achieve the best execution of your transactions which means that the execution costs you pay may be higher than could otherwise be.

Item 13. REVIEW OF ACCOUNTS

Through the Investment Committee or its designees, FCAM makes a best effort to review each account on at least an annual basis. Additional reviews may be triggered by events such as Client deposits or withdrawals, significant changes in the value of the Program account, Client requests for substitutions of Third Party Managers or investment criteria, and updates in Client information. FCAM instructs the Committee, in performing each review, to address any issues of concern. FCAM does not monitor each transaction effected by Third Party Managers for consistency with the Client's investment objectives or conformance with the Third Party Manager's stated strategies or philosophy. Client should understand that FCAM's limited review of a Third Party Manager's transactions within a Manager Account is not a substitute for his/her continuing review of the Third Party Manager's investments and performance.

Item 14. CLIENT REFERRALS AND OTHER COMPENSATION

FCAM does not use third party solicitors for client referrals. Please refer to the sections on Fees and Compensation and on Brokerage Practices above for information on other economic benefits we may receive for providing services to you.

Item 15. CUSTODY

Pershing, located at One Pershing Plaza, Jersey City, NJ 07399, maintains custody of the Program Account assets in a separate account under Client's name. Pershing provides execution, clearance, and administrative services for Paramount Choice assets in its custody. All orders for purchases and sales of securities held or to be kept in custody by Pershing are placed through Pershing. As to those Program assets, Pershing maintains relevant books and records for FCAM, including books and records pertaining to individual Client accounts. Client should carefully review each confirmation and/or statement and promptly notify his/her Advisor of any discrepancies in or concerns relevant to the investment subaccounts. Custody, as it applies to advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an advisor has the ability to access or control client funds or securities, the advisor is deemed to have custody and must ensure proper procedures are implemented.

FCAM will not hold client accounts, handle physical certificates, or deposit client funds; FCAM has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which

the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from FCAM. When clients have questions about their account statements, they should contact FCAM or the qualified custodian preparing the statement.

Item 16. INVESTMENT DISCRETION

"FCAM Program" - FCAM has investment discretion over the Fund Program portfolios and may modify any Funds Account holdings at any time. FCAM exercises that discretion through its Investment Committee (the "Committee").

"SMA Program" - FCAM has the discretion to hire and fire the Managers. The Managers exercise discretion, directing the investment and reinvestment of client assets held in the account.

"UMA Program" - FCAM has investment discretion to hire and fire the Managers. The Managers exercise discretion, directing the investment and reinvestment of client assets held in the account. The FCAM Advisor may not exercise discretion. The FCAM Advisor and client on a non-discretionary basis will determine investments and reinvestments. The investments and reinvestments of assets are based upon Client's Investor Profile, Investment Policy Statement and any other relevant information provided by Client, including any reasonable restrictions imposed by Client. The FCAM Advisor may not exercise discretion.

Item 17. VOTING CLIENT SECURITIES (Proxy voting)

FCAM will not vote proxies or advise Client on proxies (or similar solicitations concerning corporate actions) for the securities held in an account managed by FCAM. As between client and FCAM, the client retains the right and responsibility to vote proxies and to review related materials on securities held in the account, or to delegate that function to some other person or entity. As to securities in the account over which FCAM has discretionary authority, the custodian will forward to the client any information received relevant to proxies, voting or other corporate actions.

Item 18. FINANCIAL INFORMATION

FCAM does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. FCAM is not subject to a financial condition reasonably likely to impair its ability to meet contractual commitments. FCAM has not been the subject of a bankruptcy petition at any time.