

**Item 1. Cover Page**



**Envestnet Asset Management, Inc.**

35 E Wacker Drive, Suite 2400

Chicago, Illinois 60601

(312) 827-2800

[www.envestnet.com](http://www.envestnet.com)

March 30, 2018

**This brochure provides information about the qualifications and business practices of Envestnet Asset Management, Inc. (“Envestnet | Placemark”) with respect to its Placemark advisory programs for Canadian accounts. If you have any questions about the contents of this brochure, please contact us at (312) 827-2800 and/or [compliance@investnet.com](mailto:compliance@investnet.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state or provincial securities authority.**

**Additional information about Envestnet | Placemark is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may also visit our website at [www.placemark.com](http://www.placemark.com).**

*Envestnet | Placemark is registered as an “investment adviser” with the SEC. Registration with the SEC and/or the use of the term(s) “registered investment adviser” and/or “registered” does not imply a certain level of skill or training.*

## **Item 2. Material Changes**

This item discusses specific material changes that are made to this Brochure and provides clients with a summary of such changes. On December 31<sup>st</sup>, 2014, Placemark Investments, Inc. (“Placemark”) merged with its advisory affiliate Envestnet Asset Management, Inc., with the surviving entity being Envestnet Asset Management, Inc. Both entities were under common control of Envestnet, Inc.

Envestnet Asset Management, Inc. continues to offer the Placemark programs described herein under the branding “Envestnet | Placemark.” No material changes were made to the Placemark programs. Please refer to the Envestnet Asset Management, Inc. ADV Form 2A for total assets under management (Item 4, “Advisory Business”).

If you would like to receive additional copies of our brochure, please contact us by telephone at (312) 827-2800 or by e-mail at [compliance@envestnet.com](mailto:compliance@envestnet.com).

For more information about Envestnet | Placemark, please see [www.placemark.com](http://www.placemark.com). For more information about Envestnet, Inc. please see [www.envestnet.com](http://www.envestnet.com). Envestnet | Placemark’s Form ADV Part 1, this brochure and related documents as well as Envestnet’s Form ADV Part 1, Part 2A and related documents are available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Item 3. Table of Contents**

<b>Item Number</b>	<b>Item</b>	<b>Page Number</b>
1	Cover Page	1
2	Material Changes	2
3	Table of Contents	3
4	Advisory Business	3
5	Fees and Compensation	6
6	Performance-Based Fees and Side-By-Side Management	9
7	Types of Clients	9
8	Methods of Analysis, Investment Strategies and Risk of Loss	9
9	Disciplinary Information	15
10	Other Financial Industry Activities and Affiliations	15
11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	18
12	Brokerage Practices	20
13	Review of Accounts	21
14	Client Referrals and Other Compensation	22
15	Custody	22
16	Investment Discretion	23
17	Voting Client Securities	23
18	Financial Information	25

### **Item 4. Advisory Business**

#### *A. General Description of Envestnet | Placemark*

##### **(1) Overview**

Envestnet | Placemark provides discretionary investment advice to individual and institutional clients through overlay portfolio management services, tax overlay management services, and index portfolio management. Envestnet | Placemark is a Delaware corporation that is a subsidiary of Envestnet, Inc., a Delaware corporation. Envestnet, Inc. is a publicly traded company.

##### **(2) Registration Status**

Envestnet | Placemark is registered as an “investment adviser” with the United States Securities and Exchange Commission (“SEC”), the federal regulator of investment advisers and other aspects of the securities industry in the United States. Registration with the SEC and/or the use of the term(s) “registered investment adviser” and/or “registered” does not imply a certain level of skill or training. As an SEC-registered investment adviser domiciled in the U.S., Envestnet | Placemark is required to comply with all applicable SEC regulations with respect to all of investment advisory activities, including accounts managed for non-U.S. persons. One such regulatory requirement is the obligation to provide or arrange with the Sponsor to provide this

Form ADV Part 2A to the owners of Canadian accounts managed by Envestnet | Placemark at the commencement of Envestnet | Placemark's management of an account. Each year thereafter, Placemark is obligated to provide either a summary of material changes to the Form ADV Part 2A or a copy of the revised form.

However, with respect to the BMO Nesbitt Burns Architect program, relying on certain guidance from the U.S. SEC, Envestnet | Placemark and BMO Nesbitt Burns have agreed that BMO will receive and review Envestnet | Placemark's Form ADV Part 2A and 2B on behalf of clients. Any BMO Nesbitt Burns Client may receive a copy of Placemark's Form ADV Parts 2A and 2B by contacting BMO Nesbitt Burns.

Envestnet | Placemark is not registered as an investment advisor with any Canadian provincial regulator. Instead, Envestnet | Placemark operates pursuant to one or more exemptions available under applicable provision laws or as granted by the provincial regulator to Sponsors. In general, Envestnet | Placemark acts for Canadian regulatory purposes as a sub-advisor to Canadian sponsors.

#### *B. Description of Advisory Services*

Envestnet | Placemark provides discretionary investment advice to individual and institutional clients mainly through overlay portfolio management services. Envestnet | Placemark may offer other types of advisory services in the future.

Through overlay portfolio management services, Envestnet | Placemark typically seeks to manage all or a portion of a client's account (a "sleeve") according to a model portfolio so that the risk and return characteristics of the account or sleeve tracks, as is reasonably feasible, the risk and return characteristics of such model portfolio. The model portfolio is based on the recommendations of one or more investment managers or strategists that act as investment advisers and/or sub-advisers to Envestnet | Placemark ("Model Portfolio Advisers") who are selected by the client or an unaffiliated financial institution, such as independent investment advisers and dually registered broker-dealer/investment advisers, often through which the client is introduced to Envestnet | Placemark (the "Primary Advisor"). In tracking the model portfolio, Envestnet | Placemark, among other items, may coordinate recommendations from multiple Model Portfolio Advisers within a client's account and may screen for wash sales across sleeves within the account. Through tax overlay management services, Envestnet | Placemark considers the anticipated tax consequences of transactions to improve the after-tax returns of an account or sleeve in a manner consistent with the risk and return characteristics of a model portfolio. Through index portfolio management, Envestnet | Placemark may, itself, be responsible for determining the contents of a model portfolio and for providing portfolio management services to an account or sleeve. Each of these services is further described below:

##### *(1) Overlay Portfolio Management Services*

Envestnet | Placemark's overlay portfolio management services include providing discretionary investment management to a single custodial account, usually called a "unified managed account" or "UMA", which may contain individual securities, mutual fund shares, exchange-

traded funds (“ETFs”) and other investment products. In providing overlay portfolio management services, Envestnet | Placemark uses its propriety investment technology and processes to coordinate and implement the recommendations of Model Portfolio Advisers, which are described in greater detail in Item 8(A) below.

Envestnet | Placemark’s services in overlay management programs may also include (in addition to investment management): use of a customized version of Envestnet | Placemark’s web-based desktop application available to personnel of financial institutions sponsoring wrap fee managed account programs (“Sponsors”) and their financial consultants, advisors, representatives and/or relationship managers (“Financial Advisors”) for opening accounts and ongoing monitoring (referred to as the “Desktop” or “Advisor Workstation”); coordination for accounts that elect to use Envestnet | Placemark’s tax overlay management services; accounting solutions; integration services; and consultant/advisor sales and related support. These services may also include services to facilitate trading, custody and clearing through third-party broker-dealers and other service providers.

Envestnet | Placemark’s overlay portfolio management services may be provided in a wrap fee managed account program, as described below, or through unbundled managed account programs offered and administered by the Primary Advisor.

### *C. Tailoring of Advice to Clients*

Envestnet | Placemark generally does not consult directly with clients on the features and mandates of an account, but usually works through the clients’ Financial Advisors. Envestnet | Placemark tailors its advice based on the account features selected for the client. Financial Advisors, Primary Advisors and Sponsors are typically responsible for selecting Model Portfolio Advisers, mutual funds and ETFs suitable for the individual needs of a client based on client guidelines and other information that they receive from the client’s Financial Advisor. However, Envestnet | Placemark personnel may occasionally communicate with clients directly, for example when requested by the client’s Financial Advisor or when and to the extent necessary to provide ongoing advisory services to the client or as required by applicable law.

Clients may restrict their accounts from investing in certain securities or industries. Envestnet | Placemark relies on third-party providers, which may in some programs be the Sponsor, for data of the industry classification and socially responsible classifications of individual securities and makes no guarantee as to the accuracy of such third parties’ classification. Changes may occur that affect the industry classification of a firm and Envestnet | Placemark will make reasonable efforts to implement those changes in a timely manner. Envestnet | Placemark’s implementation of restricted securities must usually be specified in the applicable client agreement or in other documentation clients complete. In general, Envestnet | Placemark may implement restrictions by taking one or more of the following actions: increasing the relative proportions of other securities to replace the restricted securities; increasing cash in the account; and selecting alternate securities.

#### *D. Participation in Wrap Fee and other Managed Account Programs*

Wrap fee programs are programs that provide investors with a bundle of investment services, which may include investment management, custody of client funds and securities, trade executions of client transactions and performance monitoring and reporting for a single “wrap” fee. A detailed description of services offered under a specific wrap fee program can be obtained from the Sponsor. Under these arrangements, each Sponsor is generally responsible for providing or designating responsibility for such services in exchange for the all-inclusive fee. Envestnet | Placemark may accept overlay portfolio management responsibility from such Sponsors or Primary Advisors, who participate in such programs, on behalf of their clients. Envestnet | Placemark does not sponsor any wrap fee programs.

Envestnet | Placemark provides overlay portfolio management services to other U.S. and Canadian banks, broker-dealers, investment advisers and other financial institutions, including the following (listed alphabetically):

- BMO Nesbitt Burns Inc.’s Architect Program (Canada)
- D.A. Davidson & Co.’s Unified Managed Account Program
- Janney Montgomery Scott LLC’s Unified Managed Account Program
- J.P. Morgan Securities Inc.’s Navigator Program
- RBC Capital Markets Corp.’s Total Program Unified Managed Account Program
- Lucia Wealth Services’ Managed Portfolio Strategies Program

#### *E. Client Assets*

Envestnet | Placemark does not manage any assets on a non-discretionary basis. Please refer to the Envestnet Asset Management, Inc. ADV Form 2A for total assets under management (Item 4, “Advisory Business”).

### **Item 5. Fees and Compensation**

#### *A. General Description*

Envestnet | Placemark’s fees for administering, advising, or otherwise servicing investment management programs for Sponsors are individually negotiated with each Sponsor and are traditionally calculated as an annual percentage based on aggregate assets in the program. As a result, the dollar amount of fees will vary with the value of the account and of the sleeves within the account, if any. As described above, Sponsors typically charge individual clients a wrap fee for all services, though some programs may be offered with separate agreements and fees for brokerage and custody. The services provided by Envestnet | Placemark and the fees received by Envestnet | Placemark generally differ from program to program. Envestnet | Placemark’s typical fees for providing overlay portfolio management services range from 10 to 35 basis points annually depending on the type of sleeves used in the account. Envestnet | Placemark’s typical fees are: (a) 20 basis points for accounts or sleeves for which Envestnet | Placemark implements a model portfolio consisting of individual equity securities, (b) 10 basis points on

accounts or sleeves either allocated to specific mutual funds or ETFs or in which Envestnet | Placemark implements a model portfolio consisting only of mutual funds or ETFs.

In some programs, Envestnet | Placemark has established sleeve-level fee arrangements with the Sponsor or Primary Advisor. In a sleeve-level fee arrangement, Envestnet | Placemark's fee is a blended fee rate that is based on the types and target allocations of the sleeves within the account. For example, an account allocated 50% to an equity model portfolio strategy with a 20 basis points fee and 50% to a specific mutual fund with 10 basis points fee, Envestnet | Placemark would receive a blended fee rate of 15 basis points. When used, sleeve-level overlay fees are based on the target allocation for the account. Thus, the fee rate may change if the target allocation of an account is changed but would not vary due to changes in the relative values of the sleeves as maintained by Envestnet | Placemark's sub-accounting system. In other programs, Envestnet | Placemark's fee is set at the account level such that if an account includes any allocation to an equity model portfolio strategy the fee for the entire account would be the fee applicable to equity model portfolios – generally 20 basis points.

The Sponsor or Primary Advisor generally establishes account fees for their programs and in some cases may negotiate fees with certain clients. Envestnet | Placemark generally does not control and may not even be aware of the entire fee paid by clients. Envestnet | Placemark's overlay management services may be available at a lower overall cost in some of these programs compared to other programs. In addition, lower fees for comparable services may be available from other sources.

**Clients should consult their account opening documentation or ask their Sponsor or Primary Advisor for specific account fee information.**

#### *B. Advisory Fee Payments*

Envestnet | Placemark's fees and fees payable to Model Portfolio Advisers are typically paid by the Sponsor. Fees that are based on net assets are generally calculated as of a specific date (usually quarter end) but may, depending on the arrangement with the Sponsor or Primary Advisor, be calculated on an average of the first and last day values of the preceding calendar quarter or on the average of month-end values for the three months in the quarter. These fees are typically based on the aggregate market value of all assets under management within the client's account, including but not limited to cash, cash equivalents, securities and accruals.

Envestnet | Placemark typically calculates fees payable to Model Portfolio Advisers based on target allocation. In other words, it calculates the value of the sleeve for fee debiting purposes by multiplying the target weight that has been assigned for a specific Model Portfolio Adviser by the value of the entire account. For some accounts, Model Portfolio Adviser fees may be based on the actual value which Envestnet | Placemark's sleeve sub-accounting methodology ascribes to a specific sleeve. Total fees based on actual sleeve value will vary with the relative value of the sleeve if the Model Portfolio Adviser fees are different for different sleeves.

### *C. Other Fees or Expenses*

Clients will incur other fees or expenses in connection with our advisory services that may include:

#### *(1) Model Portfolio Adviser Fees*

Model Portfolio Advisers are typically paid by the Sponsors of such programs and are not paid by clients.

#### *(2) Third-Party Fees*

Clients who are not part of a wrap fee program will generally pay other expenses to third parties, which Placemark does not receive any part of, including: custodian fees for holding client assets; and charges imposed directly by a fund (e.g., mutual funds, closed-end funds, ETFs, hedge funds, and real-estate funds). These expenses may include investment advisory, administration, distribution, transfer agent, custodial, legal, audit, and other customary fees related to investment in mutual funds.

### *D. Prepaid Fees and Refunds*

Envestnet | Placemark may charge clients in advance or in arrears of the calendar quarter for which it provides the investment advisory services. The agreement that Envestnet | Placemark has with the client, or its Sponsor or Financial Advisor determines the frequency of when fees are paid and whether fees are paid in arrears or in advance.

In the event that Envestnet | Placemark's services are terminated after fees have been paid but during the period for which the fee is payable, a refund will be made when a client has been billed "in advance," has made a full period payment to Envestnet | Placemark and has terminated his or her agreement or a Sponsor's or Financial Advisor's agreement with Envestnet | Placemark in writing effective as of a date before the end of the billing period. In such cases, in which investment advisory services have ended prior to the last day in the billing period, the investment advisory fee shall be prorated according to the number of days in the billing period that client assets were managed by Envestnet | Placemark, unless the agreement provides otherwise. Advisory fee refunds are initiated automatically by Envestnet | Placemark and are generally processed through the Sponsor or Custodian. Fee adjustments for contributions, withdrawals and allocation changes vary among Sponsors and Custodians.

### *E. Compensation for Sale of Securities or Other Investment Products*

Neither Envestnet | Placemark nor any of its supervised persons (*i.e.*, partners, managers, employees, or any other person who provides investment advice to a client on Envestnet | Placemark's behalf), receives compensation for the sale of securities or other investment products. Some of Envestnet | Placemark's clients or their Primary Advisors or Sponsors may themselves issue securities or have affiliated persons that issue securities or may be financial institutions that advise, or have affiliated persons that advise, funds that we may invest in. These



relationships may create an incentive for Envestnet | Placemark or its supervised persons to invest in securities or investment products from these entities in order to retain their business. Further description of these conflicts is provided in Items 10(C) and 10(D) below.

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

Neither Envestnet | Placemark nor any of its supervised persons (*i.e.*, partners, managers, employees, or any other person who provides investment advice to a client on Envestnet | Placemark's behalf) charge any performance-based fees (*i.e.*, fees based on a share of capital gains on or capital appreciation of the assets of a client) on client accounts or assets and does not engage in side-by-side management.

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

Envestnet | Placemark provides investment advice to individuals and institutional clients, such as pension and profit sharing plans, trusts, estates, or charitable organizations and corporations and other businesses.

Any minimum account size requirements will be set by the Sponsors who generally reserve the right to waive account minimums. The Sponsor usually sets the minimum account size at the account level and/or at the "sleeve" level, that is, each asset class or investment strategy provided by each Model Portfolio Adviser. Account level minimums typically range from \$250,000 to \$1,000,000 per account or per client with more than one account. Accounts or strategies which only utilize ETFs or mutual funds generally have lower minimum account values.

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

##### *A. Methods of Analysis and Investment Strategies*

Envestnet | Placemark uses a variety of methods of analysis, sources of information and investment strategies in providing investment advisory services to its clients.

##### **(1) Overlay Management Services**

###### **(a) General**

Envestnet | Placemark acts as the overlay portfolio manager and provides discretionary investment management services to coordinate the recommendations of one or more Model Portfolio Advisers to manage each client's account. Envestnet | Placemark receives recommendations from Model Portfolio Advisers by investment strategy or style, usually in the form of a model portfolio that includes individual securities and their relative weights (as periodically updated). The model portfolios received from Model Portfolio Advisers serve as the primary source of information for Envestnet | Placemark's investment decisions. Envestnet | Placemark also employs several publicly available and subscription databases from independent sources. Envestnet | Placemark manages client accounts using its proprietary analytical methodologies and, for accounts that have selected tax overlay management, its proprietary tax

optimization technology (as described below). Factors used in Envestnet | Placemark's investment process include, among other factors:

- Model Portfolio Advisers' model portfolios and related investment advice
- Risk model data
- Transaction and execution cost estimates
- Client specific data

In some programs, clients may include mutual funds, ETFs and/or other pooled investment vehicles, such as limited partnerships, in the account to represent an investment style or asset class instead of using a Model Portfolio Adviser. The availability of mutual funds, ETFs, and other products in a program is determined by the Sponsor. Envestnet | Placemark does not advise clients or Sponsors or Primary Advisers on the selection of funds or other pooled vehicles. For accounts that include mutual funds, ETFs and/or other pooled vehicles, Envestnet | Placemark's overlay management services typically are limited to buying or selling shares of the mutual funds or ETFs as part of the initial investment in the account, to implement the rebalancing policy for the account and, as necessary, to facilitate the contribution and withdrawal of cash in an account and similar functions. Envestnet | Placemark generally does not otherwise exercise discretion with respect to "sleeves" allocated to specific mutual funds, ETFs and other pooled vehicles.

#### (b) Model Portfolio Adviser Selection and Oversight

Each client and/or their Financial Advisor generally chooses the Model Portfolio Adviser(s) from among the Model Portfolio Advisers available in a specific program. Envestnet | Placemark will use the model portfolio and other information received by the Model Portfolio Adviser(s) to manage all or a portion of the client's account. Envestnet | Placemark, not the Model Portfolio Adviser(s), manages the account. The nature of Envestnet | Placemark's legal and advisory relationship with Model Portfolio Advisers varies by program. Generally, a Model Portfolio Adviser is retained to act as an adviser to Envestnet | Placemark and/or the program sponsor. While Envestnet | Placemark generally seeks to manage client accounts in a manner consistent with the recommendations of the Model Portfolio Advisers, the investments and transactions in the portion of a client's allocated to any one Model Portfolio Adviser may vary from the recommendations of the Model Portfolio Adviser. Clients do not typically have any contractual or advisory relationship with any Model Portfolio Adviser and are not intended third-party beneficiaries of the contracts between the Model Portfolio Advisers and Envestnet | Placemark and/or Sponsors. Model Portfolio Advisers do not receive any client-specific or personally identifiable information. In some cases, separately managed account programs may be available from the same Sponsor of a UMA program in which Envestnet | Placemark acts as overlay manager and, with such accounts, clients may have a contractual or advisory relationship with the same firms acting as Model Portfolio Advisers to Envestnet | Placemark.

In overlay management programs, Sponsors are usually responsible for performing Model Portfolio Adviser evaluations and selections. In the programs established through the Envestnet Financial Diversified Multi-Style Portfolios platform, Envestnet | Placemark is responsible for approving the Model Portfolio Advisers available to clients. In the Envestnet Financial

Diversified Multi-Style Portfolios and to the extent that Envestnet | Placemark otherwise evaluates and selects Model Portfolio Advisers, Envestnet | Placemark may rely on the research and consulting services of the Sponsor or other third parties as directed by Sponsors which may utilize different criteria. As a result, Model Portfolio Advisers available or recommended in overlay management programs may differ from the Model Portfolio Advisers available in other programs.

## (2) Other Envestnet | Placemark Service

### (a) ETF/Mutual Fund Wrap Accounts

In addition to managing accounts in UMA programs, Envestnet | Placemark manages wrap accounts consisting only of mutual funds and/or ETFs. As indicated above, in comparison to the actively-managed UMA programs described above, Envestnet | Placemark provides a limited number of overlay portfolio management services on the “Fund Wrap” accounts. These services include allocating initial investments in accordance with target asset weightings, rebalancing positions toward target allocations, and processing contributions, withdrawals and other client-driven or externally driven events. Overlay portfolio management services for Fund Wrap accounts do not typically involve tax overlay management, dispersion management, and/or wash sale avoidance. Similar services are available to unbundled, non-wrap fee accounts as well.

### (b) Single “Sleeve” Accounts

Envestnet | Placemark may accept and manage an account established as part of a group of separate accounts where, for example, the client selects Envestnet | Placemark to manage an entire account using a single model portfolio. In such arrangements, Envestnet | Placemark manages only the assets assigned to its account and does not consider transactions in the other accounts unless specific external events are communicated to Envestnet | Placemark.

### (c) “Companion Sleeve” Accounts

Envestnet | Placemark may provide investment advisory services to an account containing unmanaged sleeves of assets held at the request of the client or the client’s advisor. Envestnet | Placemark does not manage or provide any investment advice with respect to the assets in a companion sleeve but includes the companion sleeve in its daily reconciliation processes and may include the companion sleeve in performance or other reports provided to the Sponsor or Primary Advisor. Assets held in such companion sleeves may be transferred to the managed portion of the account by the client or advisor. Envestnet | Placemark receives an asset-based fee for assets held in a companion sleeve.

### (d) Linked Accounts

When one or more accounts is established for a single client or for separate clients if designated by the client, Envestnet | Placemark manages each account independently but may provide limited coordination of trading, such as to monitor and manage potential wash sales.

(e) “Dual Discretion” Accounts

Envestnet | Placemark may provide investment advisory services to an account in which it shares discretionary authority (as that term is described in Item 16) with another investment manager. In these circumstances, the other manager typically manages directly the sleeve assigned to it while Envestnet | Placemark (or other dual discretion managers) manage the other sleeves. Envestnet | Placemark communicates with the other investment manager to coordinate activity across the account. Dual discretion sleeves are typically used for sleeves allocated to fixed-income strategies and may also be used for other asset classes such as emerging markets or small cap strategies.

(f) Taxable Gain and Loss Harvesting

Envestnet | Placemark generally accepts end of year tax gain and loss harvesting requests subject to certain limitations, such as amount, timing and the potential effect of the potential tax harvesting transactions on the account. The details of Envestnet | Placemark’s end of year tax gain and loss harvesting are agreed to between Placemark and Sponsors. Clients should contact their Financial Advisors for specific information. If accepted by Envestnet | Placemark, transactions executed due to a client’s tax gain or loss harvesting request may affect the future management of the account and may specifically result in Envestnet | Placemark temporarily reducing and delaying or otherwise varying from the implementation of the recommendations of the Model Portfolio Advisers.

(g) Legacy Asset Positions and Deposited Securities

Envestnet | Placemark’s management of “legacy assets” (securities which are deposited into an account) depends primarily on whether a client has selected tax overlay management for the account. If a client has not selected tax overlay management, whether the account is taxable or not, Envestnet | Placemark generally sells legacy asset positions except to the extent that Envestnet | Placemark would otherwise retain such securities pursuant to its normal investment policies. If a client has selected tax overlay management, Envestnet | Placemark will generally liquidate legacy asset positions which have embedded long-term capital gains. For legacy asset positions which have short-term capital gains in tax-managed accounts, Envestnet | Placemark will consider selling the position based on its analysis of the trade-off between eliminating a position in excess of a Model Portfolio Adviser’s recommendation and the tax consequences of selling the securities and may retain legacy positions in the account until the securities reach long-term gain status based on this analysis. If a client has imposed a tax mandate on an account, Envestnet | Placemark may retain legacy asset positions indefinitely. Imposing a tax mandate on an account with a significant legacy asset position may increase the overall risk in the account due to the concentration of the legacy assets. Other Model Portfolio Advisers may from time to time recommend buying or selling securities that are also included in the legacy assets of an account. Envestnet | Placemark does not use these recommendations to determine whether or not to retain or sell legacy assets in any account for which such Model Portfolio Advisers have not been selected. Clients who wish to reduce or liquidate a legacy asset position should contact their Financial Advisor or Envestnet | Placemark directly to discuss how a legacy

asset position can be reduced or liquidated as well as the tax and investment consequences of doing so.

#### (h) Other Platform and Non-Advisory Services

Envestnet | Placemark or an affiliate makes available to Financial Advisors, Sponsors, and Model Portfolio Advisers certain additional third party services including performance reporting, investment manager and investment strategy research and financial planning tools. Envestnet | Placemark typically charges a fee for these services. These services are not provided by Envestnet | Placemark to clients.

#### *B. Material Risks of Loss*

**Clients should be aware that investing in securities involves risk of loss that clients should be prepared to bear.**

The material risks for each significant investment strategy or method of analysis employed by Envestnet | Placemark as listed in Item 8(A) are listed below:

*Management Risk.* We provide tailored investment advice to clients based on our investment skills and analytical abilities. There is no assurance that our investment advice will be successful and subjective decisions made by us may cause a client to incur losses or miss profit opportunities. Envestnet | Placemark's general investment policy is to implement the model portfolio received from the Model Portfolio Advisers as soon and as closely as practicable. In doing so, it means that the management risk for each sleeve is primarily based on the underlying Model Portfolio Adviser's investment determinations, not Envestnet | Placemark's. Envestnet | Placemark generally makes decisions of when and how to implement model portfolios with a view to minimizing the risk of deviating from the risk/return profile of the model portfolio. Envestnet | Placemark may deviate from the model portfolio in order to implement account specific mandates such as tax management and restrictions. In doing so, Envestnet | Placemark may introduce additional management risk to each sleeve or account.

The management risk of the Model Portfolio Advisers is primarily controlled through the services of Sponsors and/or Primary Advisors to select and monitor Model Portfolio Advisers available to their clients, other investment options and account features selected for clients. Envestnet | Placemark seeks to control the management risk it introduces, including through the design and oversight of Envestnet | Placemark's proprietary overlay management software and by periodic reviews of tracking error and dispersion by Envestnet | Placemark's investment committee.

*Asset Allocation Risk.* Asset allocation risk is the risk that a client's assets may be allocated to an asset class or mandate that underperforms other asset classes. For example, fixed-income securities may underperform equities. Envestnet | Placemark, as a general matter, implements the investment strategies of Model Portfolio Advisers that have been selected by a client or its Financial Adviser. Accordingly, asset allocation risk

may greatly depend on the allocation among Model Portfolio Advisers and other investment options chosen by such persons. In some cases, Envestnet | Placemark may, on behalf of a client, deviate from the target allocations to Model Portfolio Advisers and investment options due to other mandates on the account such as tax management or restrictions. Such deviations may cause the portfolio to deviate from the risk/return profile of its model portfolio. In such circumstances, Envestnet | Placemark may introduce greater asset allocation risk to a sleeve or an account.

*Investment and Market Risk.* The assets managed by Envestnet | Placemark are subject to investment risk, including the possible loss of the entire principal amount invested. Investing in securities and other instruments may also involve market risk, which is the risk that the value of these positions, like other market investments, may move up or down, sometimes rapidly and unpredictably. Investments at any point in time may be worth less than the original investment, even after taking into account any reinvestment of distributions.

Envestnet | Placemark has established service level guidelines with respect to the prioritization and processing time of account-specific requests. These guidelines are usually agreed upon with Sponsors. Some delay will occur from the time of receipt of such requests and the implementation of trades while Envestnet | Placemark reviews and processes these requests. The amount of the delay will depend on factors such as the complexity of the request, the priority Envestnet | Placemark assigns to that type of request and the volume of requests being processed. Assets will be subject to market risk during this time.

*Information Risk.* Our advice is based in large part on information and documentation received from clients, Model Portfolio Advisers, Financial Advisors, Sponsors and other third parties. In addition, our investment decisions are based on model portfolios by Model Portfolio Advisers. Therefore, our investment decisions rely significantly on the accuracy and completeness of the information provided by such persons and the skill and analytical ability of the Model Portfolio Advisers. In addition, Model Portfolio Advisers typically have other discretionary clients for whose accounts they may trade before or at the same time as Envestnet | Placemark and other non-discretionary clients which may be seeking to implement their recommendations at the same time as Envestnet | Placemark. Thus, the extent of any delay introduced by Envestnet | Placemark risks causing greater performance deviation. Envestnet | Placemark controls for this risk by seeking to implement model portfolios as soon as practical and also by internal reviews, including periodic reviews of the timing of model implementation and tracking error by Envestnet | Placemark's investment committee.

We also rely on other types of information from third parties, including risk data for individual securities and securities pricing data. Although we believe this information to be accurate and complete, we do not independently verify all information.

### *C. Recommendations of a Particular Type of Security*

Envestnet | Placemark does not primarily recommend any particular type of security.

### **Item 9. Disciplinary Information**

Envestnet | Placemark is required to disclose whether there are legal or disciplinary events that are material to a client's or a prospective client's evaluation of our consulting and investment advisory business or the integrity of our management. In this regard, the SEC has identified several specific legal and disciplinary events, which do not constitute an exhaustive list, of events that are presumed to be material. Registered investment advisers must disclose whether it or a management person (*i.e.*, a person with the power to exercise a controlling influence over the investment adviser's management or policies, or to determine the general investment advice given to clients of the firm) has engaged in any act, omission, aiding, abetting, counseling, commanding, inducing, conspiring with, or failing to supervise another in one of these events for ten years following the date of the event, unless (1) the event was resolved in the investment adviser's or the management person's favor, or was reversed, suspended or vacated, or (2) the investment adviser or management person rebutted the presumption of materiality to determine that the event is not material. The ten-year period is generally is the date that the final order, judgment or decree was entered or the date that any rights of appeal from preliminary orders, judgments or decrees lapsed and may not matter if the event is so serious that, even after such period, it remains material to a client's or a prospective client's evaluation.

Neither Envestnet | Placemark nor its management persons have had any legal or disciplinary events. We have determined that Envestnet | Placemark and its management persons have nothing to disclose regarding this item.

### **Item 10: Other Financial Industry Activities and Affiliations**

Envestnet | Placemark is under common control with the following entities that are engaged in the securities or investment advisory business. Certain directors and members of executive management of Envestnet | Placemark also serve as directors and/or executive management of these entities:

Envestnet Portfolio Solutions, Inc. ("EPS") Registered Investment Advisor  
75 State St., 6<sup>th</sup> Floor  
Boston, MA 02109  
Firm CRD #109662

Envestnet Retirement Solutions, LLC ("ERS") Registered Investment Advisor  
35 East Wacker Drive, Suite 2400  
Chicago, IL 60601  
Firm CRD #171570

FDX Advisors, Inc.  
2399 Gateway Oaks Drive, Suite 200

Sacramento, CA 95833  
Firm CRD # 104601

Portfolio Brokerage Services, Inc. (“PBS”) Registered Broker/Dealer  
1801 California St., 23<sup>rd</sup> Floor  
Denver, Colorado 80202  
Firm CRD #18554

PBS is a wholly-owned subsidiary of PMC International, Inc. (“PMCI”) whose principal business address is 1801 California St., 23<sup>rd</sup> Floor, Denver, CO 80202.

Envestnet, EPS, and FDX are wholly-owned subsidiaries of Envestnet, Inc., whose principal business address is 35 E. Wacker Drive, Suite 2400, Chicago, IL 60601.

ERS is a majority owned subsidiary of Envestnet, Inc., whose principal business address is 35 E. Wacker Drive, Suite 2400, Chicago, IL 60601.

Envestnet also serves as the investment advisor to a mutual fund family, The PMC Funds, which consists of the PMC Core Fixed Income Fund and the PMC Diversified Equity Fund (information available at [www.investpmc.com](http://www.investpmc.com)).

### *C. Material Business Relationships*

We are required to list any relationship or arrangement that is material to our investment advisory services or to our clients that we or any of our management persons have with certain identified related persons (*i.e.*, officers, managers, partners, employees and all persons directly or indirectly controlling or controlled by or under common control with us).

#### **(1) Relationships with Sponsors**

##### **(a) Other Services**

A significant majority of Envestnet | Placemark’s business is derived from the programs identified above. In these programs, Envestnet | Placemark not only provides discretionary management services to clients but it or an affiliate may also provide a number of operational, technological, and administrative services to the Sponsor or Primary Advisor. Envestnet | Placemark or an affiliate also receives separate fees from some Sponsors and Primary Advisors for other services provided to the Sponsor. For example, Envestnet | Placemark provides to Sponsors and Primary Advisors customized Desktop or “Adviser Workstation” software to administer overlay management programs. The Desktop software may be used in connection with accounts for which Envestnet | Placemark acts as an investment adviser, as well as accounts of a Sponsor or other platform provider for which Envestnet | Placemark does not act as an investment adviser. Envestnet | Placemark typically receives a one-time set up fee as reimbursement for the costs of developing and customizing the Sponsor’s UMA program and the



Desktop software. The set-up fee varies according to the features provided and on the commitment of resources by Envestnet | Placemark. Envestnet | Placemark may also receive ongoing Desktop license fees which are payable by the financial institution. Sponsors of these programs generally retain the right to remove Envestnet | Placemark as discretionary manager of client accounts. To the extent that these relationships with Sponsors may influence Envestnet | Placemark's ability to make decisions with respect to client accounts, Envestnet | Placemark could be deemed to have a conflict of interest with respect to clients' interests.

#### (b) Trading Relationships

Envestnet | Placemark works with new and prospective Sponsors to evaluate the potential operational and other costs of running a Program, including the likely trading volume. The majority of Envestnet | Placemark's clients in these Programs pay to the respective Sponsor or designated custodian a wrap or other asset-based fee that covers transaction fees. As a result, a significant and sustained increase in trading volume by Envestnet | Placemark may result in increased costs to the respective Sponsor or designated custodian that are not covered by their fees. Particularly in light of the relationships discussed above, Envestnet | Placemark could be deemed to have a conflict of interest in balancing (i) the desires of Sponsors and designated custodians to reduce their costs through reduced trading volume with (ii) a client's interest in transactions that may result in increased trading volume.

#### (2) Client Relationships

In addition, some of Envestnet | Placemark's clients or their Primary Advisors or Sponsors may themselves issue securities or have affiliated persons that issue securities. These client relationships may create an incentive for Envestnet | Placemark or its supervised persons to invest in securities or investment products from these entities in order to retain their businesses. Envestnet | Placemark does not consider any existing or potential relationship with any issuer during its investment process.

#### (3) Relationship with affiliates

On December 31, 2014, Placemark Investments, Inc. merged with Envestnet Asset Management, Inc. an affiliate under common control with Envestnet, Inc.

#### Additional Conflict of Interest

Mr. John Yackel, Executive Managing Director and Mr. John Phoenix, Managing Director, both hold indirect interests in a consulting and advisor network firm, LibertyFi, LLC. LibertyFi LLC licenses Envestnet technology to provide mid- and back office services to independent Advisors utilizing LibertyFi's services.

#### *D. Recommendations of Other Investment Advisers*

As noted in Item 4(B) above, we generally provide investment advice based on model portfolios of Model Portfolio Advisers who are selected by the client or a Primary Advisor. In certain instances, however, Envestnet | Placemark may itself recommend, select and/or review the investment managers that act as Model Portfolio Advisers to Envestnet | Placemark. We do not receive any compensation from such investment managers or their affiliated persons, because of any recommendation or selection. Some of Envestnet | Placemark's clients are financial services organizations which may be related to these Model Portfolio Advisers that we may recommend, select and/or review. Although we do not recommend or select investment managers based on any services that they or any affiliated person of such investment manager have engaged us to perform, there may be an incentive for us to recommend certain investment managers to retain business from their affiliated persons.

#### *E. Model Portfolio Adviser Distribution*

Envestnet | Placemark generally markets its services both to Sponsors, Primary Advisors and Financial Advisors on one hand and to Model Portfolio Advisers on the other. Envestnet | Placemark seeks to encourage participation by Model Portfolio Advisers by enabling Model Portfolio Advisers' strategies to be used to Advisors and Clients without requiring those Model Portfolio Advisers to maintain the back office and trading functions, by providing aggregate reporting and by creating web-based tools for Model Portfolio Advisers to use to contact and engage in sales activities with Sponsors and advisors. By marketing to Model Portfolio Advisers and encouraging participating in one or more programs in which Envestnet | Placemark acts as an overlay manager, Envestnet | Placemark has a potential conflict of interests if Envestnet | Placemark's interest in encouraging participation in these programs conflicts with the limitation of Envestnet | Placemark's advisory services which do not typically include recommending for or against any specific Model Portfolio Adviser or strategy.

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

#### *A. General Description of Our Code of Ethics*

Personal securities transactions by persons associated with Envestnet | Placemark are subject to Envestnet | Placemark's Code of Ethics. The Code of Ethics includes various reporting, disclosure and approval requirements, described in summary below. Envestnet | Placemark designed these requirements to prevent or mitigate actual or potential conflicts of interest with Clients. The Code of Ethics applies not only to transactions by the individual, but also to transactions for accounts in which such person or the person's spouse, minor children or other dependents residing in the same household have an interest. Compliance with the Code of Ethics is a condition of employment.

In accordance with Securities and Exchange Commission rules relating to recordkeeping by investment advisors, Envestnet requires prompt reports of all securities transactions identified in the Code of Ethics as "Reportable Securities" transactions. Envestnet | Placemark further requires that all brokerage account relationships be disclosed, that Envestnet | Placemark receive duplicate confirmations of transactions and custodial account statements, and annual

certifications of compliance with the Code of Ethics from all access persons. Transactions in U.S. government securities, bankers acceptances, bank certificates of deposit, commercial paper, high quality short-term instruments, including repurchase agreements, index-based futures/options, options/futures on treasury notes and bills or currency options/futures, shares of open-end mutual funds and commodities are excluded from the reporting requirements.

The responsibilities of Envestnet | Placemark's Chief Compliance Officer (or designee) include overseeing the regular monitoring and verification of compliance of covered persons with the requirements of the Code of Ethics, and reporting material violations to Envestnet | Placemark's senior management. Covered transactions of the Chief Compliance Officer will be approved by another officer (or designee) of Envestnet | Placemark. In addition to reporting and recordkeeping requirements, the Code of Ethics imposes various substantive and procedural restrictions on Reportable Securities transactions. The Chief Compliance Officer may recommend to management the imposition of more severe sanctions, including suspension of personal investing privileges, or termination of employment, in the case of certain types of violations.

A copy of Envestnet's Code of Ethics can be obtained by contacting Envestnet at 312-827-2800.

*B. Recommendations in which Placemark may have a Material Financial Interest*

Envestnet | Placemark, its employees, or related persons may have securities accounts with the same investments recommended to clients who participate in the Envestnet | Placemark programs. In some cases Envestnet | Placemark, its employees, or related persons may also be participants in some of the Envestnet | Placemark programs causing the same or similar security selections and recommendations to occur.

As noted in Item 11(A), Envestnet | Placemark has adopted policies to protect the interests of its clients including the prohibition of advisory personnel from investment in initial public offerings, pre-clearance of participation in private placement offerings, and pre-clearance of personal trades for employees with access to recommendations received from Model Portfolio Advisers or generated by Envestnet | Placemark.<sup>1</sup> Statements or transaction reports from each employee's personal trading accounts covered by Envestnet | Placemark's policies are received on a quarterly basis and periodically reviewed to ensure adherence to Envestnet | Placemark's policies. Transactions on behalf of clients will take precedence over transactions benefiting Envestnet | Placemark, its officers, employees, or any employee related accounts.

*C. Recommendations of the Same Securities Invested in by Envestnet | Placemark*

See Items 11(A) and (B).

---

<sup>1</sup> This excludes certain types of securities including U.S. Government issues, open-end investment company shares including money market funds, and bank certificate of deposits.

*D. Recommendations of Securities to Clients at the Same Time that Envestnet | Placemark Transacts*

See Items 11(A) and (B).

**Item 12. Brokerage Practice**

*A. Selecting Brokerage Firms*

(1) Directed Brokerage

Envestnet | Placemark does not typically have the authority to select broker-dealers in Canadian programs. Such directed brokerage arrangements may limit our ability to achieve best execution.

*B. Aggregation/Allocation*

(1) Order Aggregation

Envestnet | Placemark generally aggregates client orders by executing broker, usually the broker-dealer Sponsor of the program, and allocates filled orders among accounts of that Sponsor. Partially filled orders are generally allocated ratably among accounts. If an order is partially filled through a Sponsor, only accounts of that Sponsor will receive allocations from that partial fill.

(2) Allocation of Investment Opportunities

(a) Envestnet | Placemark's Allocation of Investment Opportunities

Envestnet | Placemark's policy is to allocate investment opportunities equitably among its clients. Envestnet | Placemark seeks to ensure the allocation of significant recommendations from Model Portfolio Advisers among its clients by rotating its submission of the resulting trades for the various programs. This rotation is used where significant assets are managed by Envestnet | Placemark using a model portfolio for the same investment strategy in two or more programs and where the update will likely result in a significant dollar amount of trades. Envestnet | Placemark rotates these trades among the executing broker for the programs and the rotation list is indexed daily. Envestnet | Placemark's ability to implement trade rotation is dependent on the accounts for each eligible program being in good order when trading is to begin. Accounts which are not ready to trade or which require additional reviews are not included in the rotation but will be traded as soon as practicable independent of the rotation. Model updates which are not rotated are implemented and traded independently of each other.

(b) Model Portfolio Advisers' Allocation of Model Updates

Model Portfolio Providers generally include Envestnet | Placemark in some form of rotation or other means of allocating investment opportunities to their clients. Some Model Portfolio Managers may have established rotation practices to provide model portfolio updates to

Envestnet | Placemark and other nondiscretionary clients after making the corresponding trading for their discretionary accounts. This may result in Envestnet | Placemark receiving updates for its clients' accounts after the Model Portfolio Advisers has placed trades in other separately managed accounts following the same or similar investment strategies. Clients seeking more information about a particular Model Portfolio Adviser's rotation practice should contact their Financial Advisor or Primary Advisor.

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

#### *A. Periodic Review of Client Accounts*

Envestnet | Placemark's ongoing review of accounts typically begins with a daily review of accounts by Envestnet | Placemark's portfolio management team using its proprietary investment technology to identify accounts for which Envestnet | Placemark may need to effect trades or otherwise take action. The triggering events for identifying these accounts primarily consist of pending changes to investment objectives of accounts (such as allocations or restrictions), events occurring within the account such as cash flows, and changes to model portfolios.

Envestnet | Placemark's portfolio managers review accounts based on account review guidelines established by Envestnet | Placemark's portfolio management team and by consulting with senior team members. In general, portfolio managers will review accounts for consistency with investment objectives, model portfolios, investment policies, restrictions, tax mandates and other constraints. Accounts are reviewed on both a pre- and anticipated post-trade basis and may be reviewed individually or with other accounts with similar objectives, policies, constraints or which use the same model portfolio. Portfolio Managers generally perform account reviews with a view to implementing the objectives, policies, restrictions and tax and other constraints while minimize the risk of variance to the model portfolios.

Envestnet | Placemark generally assigns to a specific portfolio manager responsibility for one or more programs by Sponsor or Primary Advisor. The number of accounts and/or programs assigned to a portfolio manager is determined by the nature of the account, type of service required, and the existing work load. Envestnet | Placemark occasionally reassigns and/or rotates the portfolio manager assigned to particular program, based on experience, background, qualifications and familiarity with specific features of the various programs.

#### *B. Non-Periodic Review of Client Accounts*

Envestnet | Placemark may review client accounts outside of its daily account processing, based on changing economic or market conditions, revised client investment objectives, changes to the Model Portfolio Advisers or account features selected for an account or when an account shows a particularly high "tracking error" or deviation from the model portfolios used to manage the account.

#### *C. Regular Reports to Clients*

The nature and frequency of regular reports to clients in Overlay Management Programs are determined by the Sponsor or Primary Advisor. Envestnet | Placemark supplies data and/or performance return calculations to some Sponsors and Primary Advisors for client reporting.

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

##### *A. Third-Party Payments*

Envestnet | Placemark does not have a relationship with any entity or person (not a client) that provides an economic benefit to Envestnet | Placemark for providing investment advice or other advisory services to our clients (e.g., sales awards or other prizes).

##### *B. Retention of Solicitors*

Envestnet | Placemark does not directly compensate any person for any client referral. Envestnet | Placemark, however, may charge Sponsors and Primary Advisors a fee intended to partially offset Envestnet | Placemark's expenses incurred in developing and implementing a new program. This fee is subject to negotiation and may be reduced based on the amount of implementation effort involved and the anticipated or ultimate success of the program. To the extent that such arrangements, including any reductions based on success of a program, offer Sponsors and Primary Advisors an incentive to refer clients to the program, they may be deemed to be indirect compensation for client referrals.

Similarly, Envestnet | Placemark may reimburse Primary Advisors for performance reporting services. These costs could influence a Primary Advisor to select Envestnet | Placemark as overlay portfolio manager because such performance reporting costs would otherwise be incurred by the Primary Advisors. To the extent that such arrangements offer Primary Advisors an incentive to refer clients to the program, they may be deemed to be indirect compensation for client referrals.

In addition, Envestnet | Placemark markets and promotes its services primarily by means of sales activities directed at clients' Financial Advisors employed by or associated with Program Sponsors Primary Advisors. Envestnet | Placemark's own sales representatives, generally called "Regional Consultants," regularly communicate and meet with Financial Advisors regarding opening new client accounts and servicing existing accounts. Envestnet | Placemark pays its Regional Consultants, in addition to a salary, a commission that is based on the initial asset value of accounts opened during each calendar quarter. Although Envestnet | Placemark's Regional Consultants as a matter of policy do not generally make recommendations to or for clients, in any situation in which they make any such recommendations to clients or Financial Advisors, they may be deemed to have a conflict of interest due to the financial incentive they have to open accounts.

#### **Item 15. Custody**

If provided with the authority through its billing services for certain accounts, Envestnet | Placemark has the ability to debit advisory, manager, platform and other fees directly from Client accounts however, Envestnet | Placemark does not have authority to possess or take actual custody of Clients' funds or securities. Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains Client's investment assets. Depending on the Advisor, Clients may also receive a quarterly performance report prepared by Envestnet | Placemark and Envestnet | Placemark urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16. Investment Discretion**

We generally act as agent and with a limited power of attorney with respect to trading accounts and therefore have discretionary authority over your account. This means that we have the authority to determine, without obtaining specific consent, the securities to be bought or sold, the amount of securities to be bought or sold, the broker or dealer to be used and the spread or commission rates paid to broker-dealers.

#### **Item 17. Voting Client Securities**

##### *A. Authority to Vote Client Securities*

Envestnet | Placemark by default accepts the authority to vote client securities and has adopted policies and procedures to vote such securities. Each proxy issue for each organization will warrant individual consideration and this summary is not an exhaustive and inflexible mandate for proxy voting but serves as guidelines on its general voting philosophy. Envestnet | Placemark will assess each proposal individually to determine the probable effect on shareholder value and the impact on the rights of shareholders, and in accordance with its fiduciary duty, Envestnet | Placemark will vote in the manner that most enhances the long-term value of investments. Envestnet | Placemark recognizes that one of its most important responsibilities is the responsibility to ensure that votes are cast in an appropriate manner. Envestnet | Placemark considers the right to vote as one of its most effective tools for promoting good corporate governance.

Specifically, Envestnet | Placemark has established its own proxy voting guidelines as summarized below. Additionally, some Model Portfolio Adviser(s) may make specific voting recommendations or recommendations with respect to corporate actions to Envestnet | Placemark and Envestnet | Placemark may also seek consultation from Model Portfolio Advisers on a particular vote or action. Envestnet | Placemark does not take action with respect to or advise on legal actions, such as class action lawsuits or bankruptcies, with respect to individual securities. Envestnet | Placemark's ability to vote proxies on behalf of clients is contingent on Envestnet | Placemark's timely receipt of the necessary client proxy voting authorization and related documentation from Sponsors and/or clients.

Regarding issues involving the Board of Directors, Envestnet | Placemark prefers the annual election of all Directors. The firm will generally not support proposals that provide for staggered terms for board members. And, generally does support resolutions that seek the separation of the roles of board chair and CEO. Ordinarily, Envestnet | Placemark will not vote against a slate of Directors simply because it fails to meet the independence standard or because the board lacks a properly constituted nominating committee or because the size of the Board is outside our guidelines. The firm will do so, however, if corporate performance, over a reasonable period of time, is unsatisfactory. In addition, Envestnet | Placemark will not generally support a management proposal regarding the removal of Directors if the proposal would allow for the removal of Directors without cause.

Envestnet | Placemark feels that to maximize a portfolio's economic value to the client, non-financial considerations should not take precedence over risk and return considerations. Nevertheless, the firm believes that careful consideration of issues of social responsibility by companies and their boards will enhance long-term shareholder value. Envestnet | Placemark encourages companies to develop policies and practices to address issues of social responsibility that are relevant to their businesses.

Compensation and incentives to management and Directors should be consistent with the long-term interests of the shareholders of the company. Salaries should reflect the requirements of the marketplace, with personnel paid the amount necessary to attract and retain the skills and abilities required. All perquisites should reflect a justifiable corporate need and should be able to stand on their own merits under a cost-benefit analysis. Incentive compensation plans must have the overriding purpose of motivating and retaining individuals and must not be unduly generous. Such plans should be closely related to individual and corporate performance. Envestnet | Placemark uses specific guidelines for reviewing stock option and other compensation plans based on these stated goals for compensation plans. For example, while the firm votes on plans on a case-by-case basis, it will not generally vote for a stock option plan that is 100% vested when granted.

Envestnet | Placemark's guidelines in voting on other common issues follow. In voting issues regarding the stock itself, the firm will generally vote for management proposals to approve a stock repurchase program or to approve a stock split or reverse stock split. With regard to mergers, restructuring, spin-offs, buy-outs, reincorporating, takeover defense and related actions, Envestnet | Placemark must consider each case according to its unique circumstances and consequences. The firm will evaluate shareholder proposals on a case-by-case basis. It will generally not support proposals that place arbitrary or artificial constraints on the company, its board, or management. Envestnet | Placemark will review stakeholder proposals on a case-by-case basis. The firm will generally not support proposals that seek to alter the responsibility of the Directors to supervise the management of the business of the corporation and that provide a wide range of peripheral considerations the Directors must take into account in evaluating a business proposal.

As is the case with any investment manager, conflicts may arise when what is best for the long-term interests of shareholders is not consistent with the desire to retain an existing client, to curry favor with a prospect, or to further the manager's own self-interest. To date, Envestnet |



Placemark has not experienced such conflicts. If a conflict of interest arises, our Investment Operations department will notify our Compliance Office as well as our Executive Team.

Records on voting will be maintained by Envestnet | Placemark and provided to clients at their request. To receive information on Placemark's proxy voting, please contact us by writing to us at Envestnet | Placemark, Attn: Compliance Office, 5360 Legacy Drive, Building 3, Suite 130, Plano, TX 75024, by telephone by calling 800-266-7615 or by email to [compliance@envestnet.com](mailto:compliance@envestnet.com)

*B. No Authority to Vote Client Securities*

Clients may retain the ability to vote proxies for their own accounts. In such instances, Envestnet | Placemark will not have the authority to vote such clients' securities, and clients will receive their proxies or other solicitations directly from their custodian or transfer agent. Clients may contact Envestnet | Placemark with any questions about a particular solicitation 800-266-7615 or by e-mail at [compliance@envestnet.com](mailto:compliance@envestnet.com).

**Item 18. Financial Information**

*A. Prepayments*

Envestnet | Placemark does not require or solicit prepayment of fees six months or more in advance. Therefore, we have not included a balance sheet for the most recent fiscal year pursuant to this requirement.

*B. Financial Conditions Impairing*

Envestnet | Placemark is not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. If Envestnet | Placemark does become aware of any such financial condition, this brochure will be updated and clients will be notified.

*C. Bankruptcy Petitions*

Envestnet | Placemark has not been the subject of a bankruptcy petition at any time during the past ten years.



## Brochure Supplement

### Item 1.

#### **Cal Bryant, CFA**

5360 Legacy Drive  
Building 3, Suite 130  
Plano, TX 75024  
(972) 404-8100  
www.envestnet.com

March 30, 2018

**This brochure supplement provides information about Cal Bryant that supplements the Envestnet Asset Management, Inc. ("Envestnet | Placemark") brochure. This supplement is provided as a part of, and is included with, that brochure. Please contact (312) 827-2800 and/or [compliance@investnet.com](mailto:compliance@investnet.com) if you have any questions about the contents of this supplement.**

**Additional information about Cal Bryant, CFA is available on the U.S. Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

### **Item 2. Educational Background and Business Experience**

Mr. Bryant, born in 1977, is a Vice President with Envestnet | Placemark. Mr. Bryant supervises Envestnet | Placemark's portfolio management team, which implements model portfolios and other account features in client accounts using Envestnet | Placemark investment management software. Prior to serving in that capacity, Mr. Bryant served as a Director of Portfolio Management (2006-07) and as a Portfolio Manager (2004-06) at Placemark. He joined Placemark in 2001 as the Director of Operations after serving as a Relationship Manager at CSFB Direct, Inc. Mr. Bryant holds a B.S. degree in Business Administration from the University of South Carolina. He holds the Chartered Financial Analyst designation.<sup>2</sup>

### **Item 3. Disciplinary Information**

We are required to disclose legal or disciplinary events that are material to a client's or a prospective client's evaluation of Mr. Bryant, if any. Mr. Bryant does not have any event requiring this disclosure.

### **Item 4. Other Business Activities**

Mr. Bryant is not otherwise engaged in any investment-related business or occupation and is not registered and does not have an application to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA") or an associated person of an FCM, CPO or CTA. Mr. Bryant is not actively engaged in any business or occupation for compensation that provides a substantial source of his income or involve a substantial amount of his time.

### **Item 5. Additional Compensation**

Mr. Bryant does not receive any additional compensation or economic benefit for providing advisory services beyond his normal compensation from Envestnet | Placemark consisting primarily of salary, regular bonus and stock or stock options.

### **Item 6. Supervision**

As a Vice President, Mr. Bryant is monitored and supervised by Erik Preus, Managing Director. Mr. Preus meets regularly, including in periodic investment committee meetings held with Mr. Bryant and the portfolio management team. Mr. Preus can be reached at (972) 404-8100.

---

<sup>2</sup> The Chartered Financial Analyst designation is an international professional certification offered by the CFA Institute to financial analysts who pass a series of examinations, possess a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience.



## **We Respect Your Privacy**

Envestnet Asset Management, Inc. and its affiliates including, Placemark Investments, Inc., Envestnet Portfolio Solutions, Inc., Portfolio Management Consultants, Inc., Portfolio Brokerage Services, Inc. and Tamarac, Inc. (hereinafter collectively known as Envestnet) understand the value you place on maintaining your privacy when it comes to financial matters. That's why we limit access to customer information to individuals in our organization who need it in order to perform their jobs. Employees who have access to customer information are required to safeguard personal information and keep it confidential.

You do not have to contact us to benefit from Envestnet's privacy protections; they apply automatically to all of our customers.

## **Security Standards**

We safeguard customer information in accordance with established security procedures. We have implemented physical and electronic safeguards to help protect private information from being intercepted over the Internet. We make extensive use of transmission encryption, firewall barriers and authentication procedures to maintain the security of your online session and to protect Envestnet accounts and systems from unauthorized access.

## **Collecting Information to Serve You**

Envestnet collects information about you to help us provide better customer service, better serve your financial needs, offer new products or services, and fulfill legal and regulatory requirements. The type of information that we collect varies according to the products or services you request, and may include:

Information included on your Client Profile and related forms (such as name, address, Social Security number, date of birth, assets and income);

- Information we receive from you through our Web site or in telephone conversations with you;
- Personal information about your account activity, including your transactions, balances, positions and history. This information allows us to administer your account and provide the services that you have requested;
- Information from your employer, benefit plan sponsor, or association (such as name, address, Social Security number, age and marital status);
- Placing "cookies" and similar files on your hard drive for security purposes, to facilitate site navigation, and to personalize your experience on our site. We do not use them to pull data from your hard drive, to learn your e-mail address, or view data in cookies created by other websites. We may also collect technical and navigational information, such as computer browser type, Internet protocol address, pages visited, and average time spent on our Web site;

In addition to personal information that you provide to us, we may receive information about you that you authorize third parties to provide us. We may also obtain personal information from third parties in order

to verify your identity, prevent fraud or to help us identify products and services that may benefit you.

We may use anonymous log file information to (a) make the web-sites better, faster and more robust; (b) monitor statistics relating to the web-sites; and (c) police the web-sites and enforce the terms of use and any other guidelines for usage.

## **Sharing Information to Serve You**

We do not sell personally identifiable information about current or former clients to third parties. We may share customer information with Envestnet corporate affiliates in order to properly service your account. In compliance with federal and state laws, we may disclose some or all of the information we collect about our customers and former customers, as described above, to nonaffiliated businesses such as:

- Companies that perform services for us or on your behalf, including the sub-managers who manage your assets;
- Companies that participate in joint marketing activities with us;
- Financial services companies (such as your custodian and brokers or dealers) who effect transactions on your behalf;
- Other organizations, with your consent or as directed by your representative;
- Companies participating with us in a proposed or actual sale, merger, transfer, or business exchange.

These companies are required to treat your private information with the same high degree of confidentiality that we do and only for the services for which they are engaged.

We may also disclose information to non-affiliated parties as allowed by law, such as in responding to a subpoena, preventing fraud, or complying with an inquiry by a government agency or regulator.

If you are a former customer, these policies also apply to you; we treat your information with the same care as we do information about current customers.

In addition, we may develop, use, distribute and publish information and statistics derived from your data and the content that you contribute for use on a masked, aggregate basis. This particular use of your data and content will not result in the distribution or publication of any personally identifiable information.

For financial professionals utilizing our technology platform, Envestnet may make available your business contact information and information regarding the use of their strategies by such professionals to third-party investment managers and, exchange traded funds mutual funds and similar investment vehicles.

## **Keeping You Informed**

As required by federal law, we will notify you of our Privacy Policy annually. We reserve the right to modify this policy at any time, but we will promptly alert you if we do make any material changes.



**COVERED SERVICE PROVIDER DISCLOSURE REPORT FOR ERISA PLANS**  
**March 30, 2018**

This report is being provided to you because our records indicate that you are the appropriate contact for the ERISA plan sponsor of a “covered plan” (within the meaning of Department of Labor Rule 408b-2(c)) which is the client of an account managed by Envestnet Asset Management, Inc. (“Envestnet | Placemark”) in the unified managed account or similar program. If you are not the appropriate contact, please let us know by calling (312) 827-2800 or by email at [compliance@envestnet.com](mailto:compliance@envestnet.com).

The following table contains information and references to additional information about Envestnet | Placemark’s services and compensation as required by Rule 408b-2. It also includes information about the services and compensation of Model Portfolio Advisers which act as sub-advisers to Envestnet | Placemark and therefore are “sub-contractors” to Envestnet | Placemark for purposes of the Rule.

Information	Where to Find It
Description of Envestnet   Placemark’s services.	<p>Envestnet   Placemark’s Form ADV Part 2A brochure, specifically Items 4 (Advisory Services), Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss), and Item 17 (Voting Client Securities).</p> <p>See also the managed account agreement or similar document regarding the role of the overlay manager, investment strategies, tax overlay management services, account restrictions, consultation and reporting, and custody, trading and execution.</p> <p>Envestnet   Placemark may also: provide web-based workstation software used to interact and exchange information; send transaction files to a third party for use in performance reporting; provide sales support; conduct proxy voting (unless otherwise indicated by the client); share discretion with other investment managers over sleeves allocated to fixed-income strategies; oversee a passively-managed sleeve that has been created internally; implement model portfolios created by the advisor; allocate fees to Model Portfolio Adviser for use of the model portfolio; and conduct manager due diligence.</p> <p>See generally Item 4 (Advisory Services) and Item 8 ((Methods of Analysis, Investment Strategies and Risk of Loss) for a description of the services Envestnet   Placemark receives from Model Portfolio Advisers.</p> <p>For the specific strategies, services and features selected for your Account, see the new account enrollment form or similar document and any change forms submitted.</p>
Statement concerning services Envestnet   Placemark will provide as an investment adviser, ERISA fiduciary and registered investment adviser.	See the cover page of the Form ADV Part 2A brochure for Envestnet   Placemark’s acknowledgement of its status as a registered “investment adviser” with the SEC. With respect to services provided to your managed account, Envestnet   Placemark also acknowledges its status as a “fiduciary” within the meaning of ERISA section 3(21).
Direct compensation Envestnet   Placemark	See generally Item 5.A for a description of Envestnet   Placemark’s

<p>will receive from your Account.</p>	<p>compensation and Item 5.C(1) for Envestnet   Placemark's practices with respect to paying Model Portfolio Advisers.</p> <p>For specific fee information for your Account, see the fee schedule located in the managed account agreement or similar document.</p> <p>In "bundled" programs, fees charged to your Account for the use of strategies from Model Portfolio Advisers are generally withdrawn by the sponsoring financial institution.</p> <p>In "unbundled" programs, Envestnet   Placemark generally withdraws fees from your Account for the use of strategies from Model Portfolio Advisers. For specific information about the fees charged by Envestnet   Placemark, see the fee schedule to the managed account agreement, the new account enrollment form, the client profile, or similar document.</p>
<p>Indirect compensation that Envestnet   Placemark will receive from non-affiliates in connection with its services to your Account.</p>	<p>Envestnet   Placemark may be deemed to receive certain "indirect compensation" in connection with its business generally. Several of these forms of potential indirect compensation are described in Envestnet   Placemark's Brochure. See, specifically, Item 12.A(1) (trading software), Item 5.B. (breakpoints in fees payable to some Model Portfolio Advisers), and Item 10.C(2)(a) (software development and hosting services).</p> <p>In addition, Envestnet   Placemark or its employees may receive other forms of potential indirect compensation from sponsors or primary advisors, such as (i) free or reduced fees for conference attendance and/or exhibitor booth space (which typically cost \$3,000 and \$10,000) and (ii) minor (generally less than \$500 per instance) gifts, souvenirs, meals and entertainment.</p> <p>Model Portfolio Advisers do not receive any indirect compensation pursuant their arrangements with Envestnet   Placemark. Envestnet   Placemark is not aware of any arrangements or agreements between Model Portfolio Advisers and other parties that might be deemed indirect compensation for purposes of Rule 408b-2. However, Model Portfolio Advisers may receive potential forms of indirect compensation similar to those described above.</p> <p>In addition, many Model Portfolio Advisers also manage or sub-advise mutual funds and other similar products that might be selected for your account by you or your advisor. Thus, such Model Portfolio Advisers may receive compensation from Envestnet   Placemark for sub-advisory services to Envestnet   Placemark and also may receive compensation from such mutual funds for services to those funds.</p>
<p>Compensation Envestnet   Placemark will receive if you terminate Envestnet   Placemark's management of your account.</p>	<p>None</p>