

**VALIC Financial Advisors, Inc.**

**WRAP FEE PROGRAM BROCHURE**  
Part 2A Appendix 1 of Form ADV

**MIP Unified Managed Account Program**

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**Telephone: (866) 544-4968**

**March 29, 2024**

This wrap fee program brochure provides information about the qualifications and business practices of VALIC Financial Advisors, Inc. ("VFA" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at telephone number 866-544-4968. 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.

VFA is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training. Additional information about VFA also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Our brochure may be requested by contacting VFA at 866-544-4968 or it is also available free of charge at our website at [www.corebridgefinancial.com/rs/prospectus-and-reports/vfa-form-adv-materials](http://www.corebridgefinancial.com/rs/prospectus-and-reports/vfa-form-adv-materials).

## **Item 2 — Material Changes**

Since its last annual filing on March 31, 2023, the Firm has made the following material updates to this Form ADV Part 2A MIP Unified Managed Account Program (“MIP UMA Program”) brochure (“Brochure”).

- For Item 9 the Firm updated:
  - *Other Compensation; Client Referrals* to note in its disclosure that investment advisor representatives may qualify for certain travel incentives or membership in the President’s Circle by achieving certain sales goals and/or plan enrollments.
  - *Voting Client Securities* by clarifying that proxy voting is designated to Envestnet Asset Management, Inc. and/or Envestnet PMC, a division of Envestnet Portfolio Solutions, Inc. (together, “Envestnet”) or to the UMA Model Manager responsible for the management of their respective portfolios. These firms have respective policies to vote proxies on clients’ behalf unless otherwise such voting is directed to the Firm in writing.

More information about these updates is provided in Item 9 of this Brochure.

We will provide you with a summary of any material changes to this and subsequent Brochures within 120 days of VFA’s fiscal year end, which is December 31st, or sooner if required by law. You may obtain copies of the Brochure by calling 866-544-4968 or accessing our website at <https://www.corebridgefinancial.com/rs/prospectus-and-reports/vfa-form-adv-materials>.

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

### **The Firm**

The Firm is registered with the SEC as an investment adviser. As an investment adviser, VFA provides to its clients the investment advisory products and services described in this Brochure, and certain other advisory products and programs described in other Firm brochures. This Brochure describes the Firm's discretionary unified managed account Program called the **MIP UMA Program**, including the services, fees, and other necessary information you should consider prior to enrolling in the MIP UMA Program or engaging the Firm. In order to offer you the MIP UMA Program, as well as other optional services as described in this Brochure, the Firm's IARs must meet specific licensing and training requirements and receive approval from the Firm in order to do so.

In addition to the MIP UMA Program, the Firm offers three other wrap Program: The **Managed Investment Program** ("MIP"), the **Guided Portfolio Services Program** ("GPS"), and the **Guided Portfolio Advantage Program** ("GPA"). The Firm also offers Financial Planning and Consulting Services available on either a one-time or a subscription basis. You can obtain a brochure for the Firm's other advisory programs free of charge at [www.corebridgefinancial.com/rs/prospectus-and-reports/vfa-form-advmaterials](http://www.corebridgefinancial.com/rs/prospectus-and-reports/vfa-form-advmaterials) or by contacting us at 866-544-4968. The Firm offers its investment advisory services through its IARs located throughout the United States.

The Firm is also registered with the SEC as a broker-dealer and is a member firm of FINRA. As a broker-dealer, the Firm separately makes available securities such as stocks and bonds, mutual funds, exchange-traded funds ("ETFs"), variable annuity and variable life insurance products, and municipal securities. All IARs are also engaged in the Firm's brokerage business and are registered with the Firm as FINRA-licensed registered representatives. Broker-dealer services are not covered by this Brochure, are not part of our advisory relationship with you, and are not subject to regulation under the Investment Advisers Act of 1940 (the "Advisers Act").

VFA was incorporated in Texas in 1996 and is headquartered in Houston, Texas with additional branches throughout the United States. VFA is a wholly owned subsidiary of The Variable Annuity Life Insurance Company ("VALIC") doing business under the Corebridge Financial brand name, and an indirect subsidiary of Corebridge Financial, Inc. ("Corebridge Financial"). Corebridge Financial is a publicly-traded company and one of the largest providers of retirement solutions and insurance products in the United States. As of the date of this Brochure, American International Group, Inc. ("AIG") continues to hold a controlling ownership of Corebridge Financial.

As of December, 31, 2023, VFA managed approximately \$25.2 billion on a discretionary basis.

### **MIP UMA Program**

MIP UMA is a discretionary unified managed account program offered in collaboration with Envestnet, a provider of wealth management software and services (and which is not affiliated with the Firm). Under the MIP UMA Program, your IAR will construct a portfolio based on your investment objectives, risk tolerance, and investment time horizon. The portfolio (your "UMA Account") is constructed according to an asset allocation model (the "UMA Model").

The MIP UMA Program offers the benefit of a single account that can hold many types of investments and asset classes, and as well as the convenience of consolidated reporting and billing, and a single tax reporting document for all the assets in your MIP UMA Program account. The Firm is the primary investment adviser for the MIP UMA Program. The Firm uses Envestnet to provide the services described in this Brochure in the capacity of a sub-adviser; Envestnet also serves as the "Overlay Manager" as described in more detail below.

Your IAR will work with you to first complete a brokerage account application ("Account Application") and customer agreement (or equivalent document for certain retirement accounts) (collectively, the "Brokerage Agreement"), which you will use to apply for an account with the Firm. The Brokerage Agreement governs the brokerage services provided by NFS in connection with your enrollment. You will also enter into an Investment Advisory Agreement.

To enroll in the MIP UMA Program, your IAR will consult with you to review your present investment objectives, your risk tolerance (using a risk tolerance questionnaire), and your investment time horizon. The information you provide is entered into an Investment Questionnaire ("Questionnaire") which is used to determine a risk profile score and establish your investment objective. Your IAR will work with you to open an investment advisory account, and, based on the responses provided in the Questionnaire, will generate an investment proposal ("Proposal") and a Statement of Investment Selection ("SIS"), which are used to establish your investment guidelines.

**As your needs change or market conditions warrant, you have the flexibility to revisit your Questionnaire to determine whether you are appropriately invested.** You can impose reasonable investment restrictions on the investment of your UMA Account assets by requesting them in the SIS. You will authorize your IAR to manage your MIP UMA Program account and exercise limited discretionary authority as described below. These documents, including your Account Application, Brokerage Agreement and Investment Advisory Agreement, include all account opening documents, disclosures and other necessary documents.

Your IAR will, based on your initial Proposal and SIS, select a UMA Model developed by Envestnet in its capacity as the Overlay Manager using Envestnet's risk-based scoring analysis that aligns with your risk profile. Your UMA Model can contain various asset classes and be allocated based on various risk tolerance levels. Asset classes include, among others, domestic equity, international equity, fixed income investments, and cash.

In accordance with the asset allocation set forth in your UMA Model, which may include multiple strategies, your IAR will recommend a portfolio which will be comprised of different sleeves. The sleeves may be populated by (i) funds, including mutual funds, ETFs, and closed-end funds, or (ii) strategies managed by third-party investment advisers (“UMA Model Managers”). A UMA Model Manager may use a separately managed account strategy for a particular asset class (“SMA”) or may employ its own asset allocation model in an SMA (“Allocation Model”), consisting of funds and/or individual securities. Your IAR will provide to you or otherwise make available a copy of the UMA Model Managers’ Form ADV Disclosure Brochure (each, a “UMA Model Manager Brochure”).

UMA Model Managers are selected by your IAR from a list of approved UMA Model Managers for which Envestnet conducts initial and ongoing due diligence. The list of UMA Model Managers is maintained and reviewed periodically by Envestnet. VFA collaborates with Envestnet to review their proprietary due diligence process for the available UMA Model Managers. More information on Envestnet’s due diligence process and the arrangements Envestnet has with the UMA Model Managers is available in Envestnet Asset Management, Inc.’s Part 2A Brochure available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Envestnet uses an “Approved-Qualitative” due diligence process for all UMA Model Managers available within the MIP UMA Program. The Firm limits its consideration to UMA Model Managers that Envestnet pre-screens and approves for the Firm’s consideration as described in “Services provided by Envestnet” in this Brochure. Also, Envestnet has UMA Models that it has developed that are available within the MIP UMA Program and thus, may also serve as an UMA Model Manager. More information on Envestnet’s due diligence process and the arrangements Envestnet has with UMA Model Managers available through its platform and made available to wrap fee program sponsors, such as the Firm, is available in Envestnet Asset Management, Inc.’s Part 2A Brochure available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (the “Envestnet Brochure”). Your IAR will provide to you or otherwise make available a copy of Envestnet’s Form ADV Disclosure Brochure. Also, You agree to provide discretionary authority to your IAR for the investment selection, allocation, and rebalancing of your MIP UMA Program account; accordingly, through your IAR, you authorize each UMA Model Manager that provides an SMA for your MIP UMA Program account to exercise investment discretion by selecting the securities to be held by the SMA and delivering instructions to the Overlay Manager to buy or sell securities for your SMA. Neither the Firm nor your IAR retains investment discretion over the assets and allocation of the investments of the SMA.

Depending on the particular SMAs selected by your IAR, a UMA Model Manager will either have discretion to purchase and sell securities within the sleeve, or will provide instructions to Envestnet, which will have discretion to make trades in your account. Envestnet will implement investment strategies in your UMA Account, or otherwise as instructed by your IAR, as applicable (your IAR may provide recommended changes to you when evaluating assumptions in your UMA Model or when you work with your IAR to update or revise your Questionnaire).

Your IAR will provide rebalance instructions on a periodic basis to Envestnet so that the allocation of assets in your account remains generally consistent with your SIS and the UMA Model. Envestnet rebalances your account upon these instructions you provide to your IAR, or based on the MIP UMA Program’s rebalancing strategy to bring investments in the account into alignment with the UMA Model’s asset allocations. Unless your IAR selects a different rebalancing frequency, for your MIP UMA Program account, Envestnet reviews your account on at least an annual basis to determine if rebalancing should occur due to, for example, asset allocation or style drift. Note that, in between rebalancing, the percentage of each asset class in your UMA Model, and thus the risk profile of the account, may drift over time because of market fluctuation.

UMA Model Managers may only use mutual funds and/or ETFs that clear through National Financial Services LLC (“NFS”) and that NFS makes available to Envestnet. UMA Model Managers may use funds that are sponsored or managed by an affiliate, provided that the UMA Model Manager believes that such fund is in a client’s best interest. Please see “Funds and Third-Party Model Managers” in this Brochure for information about this conflict of interest. Not all securities are made available by NFS to Envestnet which in turn would not be available for investment by the UMA Model Managers; please consult with your IAR if you have any questions about the availability of certain securities by NFS.

The Firm or your IAR may replace a UMA Model Manager in your account with another approved UMA Model Manager or add other UMA Model Managers to your account, each without your advance approval. Any change of UMA Model Managers will likely result in trading in your account, which can have tax consequences. Refer to “Account Management” in this Brochure.

You should carefully review this Brochure, the Envestnet Brochure, and each UMA Model Manager Brochure, since they collectively outline important information about the Firm’s, Envestnet’s, and the UMA Model Manager’s roles and responsibilities for your account. Additional important information and disclosures about your IAR is included in your IAR’s Form ADV 2B Brochure Supplement, which will be provided to you along with this Brochure.

### **Tax Overlay Service and Impact Overlay Service**

In the MIP UMA Program, for those clients whose UMA Account contains at least one equity SMA, they may select the optional Tax Overlay Services and/or Impact Overlay Services **for an additional fee**. Envestnet provides both services in its role as Overlay Manager for the MIP UMA Program.

### *Tax Overlay Services*

These services provide you with a customizable solution to (i) help limit long and short-term gains, and/or (ii) attempt to limit your potential tax liabilities. They also offer you more customizable solutions if you seek to attempt to control the realization unrealized gains that are embedded in your UMA Model. This service leverages Envestnet's risk optimization software to attempt to match the risk characteristics of an unconstrained portfolio through optimization techniques.

If you select the Tax Overlay Services, Envestnet will provide discretionary investment advice by evaluating the tax impact of any trades recommended by an equity UMA Model Manager. Envestnet may elect to prevent the transaction or make additional changes to your UMA Account (or a sleeve of your UMA Account) to balance the recommended change. Envestnet seeks to keep your UMA Account reasonably close to your UMA Model. However, the Tax Overlay Services are designed for taxable investors who are willing to allow some deviation from their UMA Models. The use of the Tax Overlay Services may result in recommendations from Envestnet which may be inconsistent with your UMA Model. This may cause trading, holdings and/or performance of your UMA Account to deviate from a similar UMA Model that does not apply tax overlay services. Additionally, the use of these services may cause your account's risk to differ from the risk profile identified for you during the Proposal process.

The Tax Overlay Services are not suitable for all clients, such as tax-deferred accounts, such as IRAs, and are not intended to be general tax planning services. They may be appropriate for clients who, for example, want to limit net long-term or short-term gains, who own "appreciated securities" (i.e., a low-cost basis) and want to manage how gains may be realized for selling these securities, who may be subject to the Alternative Minimum Tax, or those clients who specifically budget for taxes. Envestnet relies solely on the tax information collected from you. To the extent such information is inaccurate or incomplete, the tax strategy developed for you may be adversely affected. **The provision of complete and accurate tax information is your sole responsibility.** You should consult with your tax and legal advisors regarding your specific situation prior to selecting the Tax Overlay Services. Neither the Firm nor your IAR provide tax or legal advice.

The Tax Overlay Services may be used individually or in combination with the "Impact Overlay Services" (described below). If both the Tax and Impact Overlay Services are selected, only one overlay fee will be charged. The Fee Schedule for these services is listed below in "Fees and Charges" and is paid to Envestnet. This fee is in addition to the Platform Fee.

### *Impact Overlay Services*

These services allow you to apply customized socially responsible investment restrictions, including environmental, social, and governance ("ESG") considerations, to your UMA Account to minimize exposure to companies with specific products, services and operations that do not meet your values and personal convictions. These restrictions are designed for investors who are willing to allow deviation from their UMA Models. The use of the Impact Overlay Services may result in recommendations from Envestnet that may be inconsistent with your UMA Model. This may cause trading, holdings and/or performance of your UMA Account to deviate from a similar UMA Model that does not apply Impact Overlay Services. Additionally, the use of these services may cause your account's risk to differ from the risk profile identified to you during the Proposal process.

In providing Impact Overlay Services, Envestnet leverages software that applies predefined screens and rules to attempt to keep your UMA Account reasonably close to the UMA Model you selected. These impact screens used in your account are not reviewed by, or subject to ongoing reviews with, the Firm or your IAR. The use of such screens may result in lower returns or less diversification in your account; please refer to the discussion herein about the unique risks of ESG and impact-related screening.

The Impact Overlay Services may be used individually or in combination with the Tax Overlay Services (described above). If both the Impact and the Tax Overlay Services are selected, only one overlay fee will be charged. The Fee Schedule for these services is listed below in "Fees and Charges" and is paid to Envestnet. This fee is in addition to the Platform Fee and neither the Firm nor the IAR receive a portion of the fees paid for the Impact Overlay Services or the Tax Overlay Services.

**Any analysis of tax, financial, or accounting issues relating to your situation is for discussion purposes only and not intended to be tax or legal advice. Please consult with your tax professional or attorney for tax or legal advice related matters.** It should also be noted that IARs may refer you to an accountant, attorney, or other specialist, as necessary for non-advisory related services. IARs are not compensated for such non-advisory related referrals.

### *Enrolling in either or both of the Overlay Services*

In providing these services, Envestnet provides discretionary investment advice as described above. If your account qualifies, you may choose and terminate these services at any time. Your IAR is not permitted to elect these services on your behalf. You must provide a separate approval to use Tax Overlay Management and Impact services. Contact your IAR for more information about the availability of these services for your account.



## Fees and Other Charges – MIP UMA

A description of the fees you will pay for your MIP UMA Program account are based on the Program Fee and are described below. Your Fee Schedule, which is included in the SIS that you receive at account opening provides information about the fees you will pay. Additionally, your quarterly performance reports include information about the Program Fee you pay. The Program Fee for your account covers the provision of initial and ongoing investment services and the execution of securities transactions. The Program Fee consists of the sum of:

*Advisory Fee* - This fee is the amount paid to VFA for advisory services; and

*Platform Fee* - This fee is for the other fixed and variable costs of your UMA Account as described further below. It includes the fees and costs for services provided by, as applicable, VFA, Envestnet, the UMA Model Manager, and NFS.

The Platform Fee includes the following fees and expenses:

- *Management/Administrative Fee*. This portion of the Platform Fee includes any management fees paid to the UMA Model Manager. This fee also compensates the UMA Model Manager and Envestnet for administrative services provided in connection with the MIP UMA Program.
- *Sponsor/Firm Fee*. This portion of the Platform Fee is paid to the Firm to cover direct costs such as overhead related to the MIP UMA Program, and variable costs such as trading, confirmations, and statements. Any fees in excess of these variable costs are retained by VFA.
- *Clearing Firm/IRA Custodial and Related Fees*. NFS is the clearing firm for the MIP UMA Program, meaning that all trades are placed through NFS, and it is also the custodian of your account. As explained below, a portion of the Platform Fee is paid to NFS for its services in connection with your account. The Platform Fee covers NFS' trading costs and any amounts in excess of these costs will be retained by the Firm. While the Platform Fee includes custodial services for most accounts, NFS will **separately charge an annual IRA custodial fee** for services rendered as trustee of your IRA account, as discussed below.

The Firm is responsible for paying NFS for any transaction fees associated with the purchase or sale of mutual funds in your UMA Account. However, almost all mutual funds available through NFS for the MIP UMA Program are available on the NFS platform as "no transaction fee" mutual funds, which means there is no ticket charge or other fee associated with the purchase and sale of such funds ("NTF Funds"). NFS currently has arranged for the NTF Funds to be free of clearing charges. UMA Models with mutual funds primarily use NTF Funds, which substantially reduces execution costs paid by VFA; the available NTF Funds are subject to change by NFS. VFA benefits by saving the transaction fee whenever an NTF Fund is used in your UMA Account.

Your Program Fee is unaffected by the actual amount of trading costs paid by the Firm.

The Program Fee does not include the following costs/fees:

- *IRA Custodial Fees*. If your account is established as an IRA, you will pay NFS an annual custodial fee of up to \$35. This fee will be reflected separately on your account statement and applies to all UMA Models. The Firm may elect to pay the IRA custodial fees to NFS directly, in which case you will not pay this fee.
- *Mark-ups/Markdowns*. If your account purchases or sells fixed-income securities, you will pay for mark-ups or markdowns on transactions. These fees are reflected in the price of the security purchased.
- *Fund Fees and Expenses*. As a shareholder of mutual funds, ETFs or closed-end funds, you pay the internal fees and expenses of the funds held in your account. Fund prospectuses include more information about these fund fees and expenses.
- *Minimum Account Fee*. Envestnet evaluates quarterly whether it has received a minimum amount of revenue from its management/administration fee charged on your account. If the annualized fee for such services, which is calculated based on your average daily balance for the quarter, is less than the minimum amount listed in this Brochure, Envestnet will assess a fee equal to one quarter of the annual minimum account fee of \$150.00 based on the number of days in the quarter during the fee billing process.

The table below sets forth the Program Fee schedule, without the optional Overlay Services which are described in *Fees and Other Charges*. Your actual Program Fee is provided in your SIS, which is provided to you for review and approval at the time of your enrollment in the program. The Advisory Fee is a tiered fee which means the Advisory Fee has breakpoints as noted in the table below which will apply to only those assets in your account that exceed the specified amount.

The Advisory Fee is assessed quarterly and is based on your average daily balance in your account during the quarter; more information is provided in the "**Calculation and Deduction of the Program Fee**" section below. The Firm may negotiate a lower Advisory Fee and/or Platform Fee. If the Firm negotiates a lower Advisory Fee and/or Platform Fee, your Program Fee will be lower than the fees outlined in the schedules below and VFA will receive less compensation. Separately, VFA offers Advisory Fee discounts to our current employees, current employees of our affiliates, and their household family members. Your Fee Schedule, which is included in the SIS that you receive provides information about the fees you will pay. Additionally, your quarterly performance reports include information about the Program Fee you pay.

## Standard Program Fee Schedule

Assets Under Management	Fee
First \$250,000	2.13%
Next \$250,000	1.79%
Next \$500,000	1.57%
Next \$1,000,000	1.46%
Next \$3,000,000	1.35%
Next \$5,000,000	1.24%
Next \$15,000,000	1.22%
Over \$25,000,000	1.20%

The Program Fee may be more or less than the fee stated above based on the management fees charged by the UMA Model Manager selected for your account. In the table above, a fee of 60 bps is used for the UMA Model Manager fee. **The management fee (included within the Platform Fee) is stated in your SIS and currently ranges from 0.08% to 0.60%.**

The Program Fees in the table above are based on the fees and expenses you would pay based on the value of the assets in your account. **For accounts subject to a minimum Platform Fee this will result in a higher Program Fee rate.** Program Fees may be more or less costly to you than paying for the services separately, depending upon the investment advisory fees charged, the type of UMA Model, the amount of assets in your UMA Account, time and services provided, the number of transactions for the account, the amount of clearing and execution fees charged by NFS (which varies by type of security traded), and the level of brokerage commissions and other fees that would be payable if you obtained the services available under the program individually.

**Calculation and Deduction of the Program Fee.** The Firm begins to charge the Program Fee once it approves your account on Envestnet's system, which typically occurs after you complete your enrollment and assets are received in your MIP UMA Program account. The Program Fee is a tiered fee that is calculated quarterly, in arrears, based on the average daily balance of your account during the quarter and the number of days in the quarter. At the end of a quarter, Envestnet calculates the Program Fee by multiplying the average daily balance by your advisory fee schedule. The average daily balance of your account for fee calculation purposes will include all assets in your account, including uninvested cash. After calculating the Program Fee, Envestnet instructs NFS to deduct the fee from your account. NFS deducts your Program Fee following the end of the quarter. If your account is managed for only a portion of a quarter, the Program Fee will be pro-rated accordingly based on the average daily balance during that portion of the quarter and, in the event of a termination, the fee will be deducted before your account balance is distributed. If you decide to change your investment in your current UMA Account by signing a new SIS during a quarter, the amount of the Program Fee will be adjusted to reflect the new UMA Account fee schedule and will be pro-rated based on the average daily balance during that portion of the quarter following the change to the UMA Model. Depending on your UMA Model, your Program Fee may increase or decrease. Distribution of your account balance, less applicable fees paid, occurs promptly after notice of termination. If cash or cash equivalent funds in your account are not sufficient to pay any fees charged on your account, investments in your account will be liquidated in order to pay the outstanding fees.

### **Fees and Other Charges – Overlay Services**

If you choose either or both of the Overlay Services you will pay the following fees in addition to the Program Fees and Other Fees and Charges described above.

#### **Overlay Service Fee\***

Assets Under Management	Fee
First \$10,000,000	0.10%
Next \$15,000,000	0.08%
Over \$25,000,000	0.05%

\* The Overlay Service Fee is the same for both the Tax Overlay Services and the Impact Overlay Services. MIP UMA Program Client accounts utilizing both the Impact Overlay Service and Tax Overlay Service will be charged only one Overlay Service Fee.

### **Combining of Account Values for Fee Calculations**

If you or your family members have more than one MIP UMA Program account, you can lower your MIP UMA Program Fees based on the cumulative assets that you maintain in your account(s). "Family member" for purposes of combining account values in the MIP UMA Program includes your spouse, domestic partner, and your dependent children. **You are responsible for contacting your IAR or the Firm to request your accounts be combined for fee calculation purposes.** Discuss with your IAR if you have multiple MIP UMA Program accounts and whether they are eligible for lowered Program Fees.



For combined accounts one account will be designated as the “Primary Account” and the owner of the Primary Account will receive Envestnet quarterly reports that contain information about each of the combined accounts, including account balances, transactions, and holdings. Each MIP UMA Program account owner in the billing group will continue to receive his/her NFS quarterly account statement.

**Your IAR can assist you with identifying MIP UMA Program accounts eligible for combining accounts for fee calculation purposes.** Please contact your IAR or the Firm to request your accounts be combined for fee calculation purposes. Additionally, the Firm does not combine for fee calculation purposes your accounts with other accounts enrolled in the Firm’s other wrap fee Program, including MIP, the GPS Program and/or GPA Program, or other assets held at the Firm and/or its affiliates.

## **Account Management**

When your IAR provides advice, including recommending a transaction or investment strategy, your IAR must have a reasonable belief that the advice is in your best interest based on your objectives. This standard applies to all advice that an IAR makes to all advisory accounts. The Firm and your IAR will make recommendations to you that we believe are in your best interest. In certain circumstances, if your IAR believes the recommendation is in your best interest, your IAR may recommend a transaction or investment strategy even if it is more expensive than other options that are available to you, such as a fund with higher internal expenses. We will also provide full and fair disclosure of conflicts which might incline us to provide advice which is not disinterested; we must also obtain your informed consent to such conflicts. This means that the Firm and its IARs must act in your best interest under our duty of care and meet our duty of loyalty to you. Importantly, the Advisers Act does not require us to eliminate all conflicts of interest.

Envestnet serves as the Overlay Manager in trading and re-balancing the investment options in your UMA Account, including the underlying sleeves. Envestnet’s portfolio management team monitors and coordinates the recommendations and trading activities. This team actively manages the UMA Models for the designated asset allocation in accordance with the UMA Models’ respective allocation strategies. As overlay manager Envestnet adds value by delivering operating efficiencies and coordinating all trading activity and investment decisions. Other overlay manager activities include rebalancing and wash-sale management and, where applicable and upon request, tax loss harvesting and accommodating portfolio restrictions. Envestnet and the UMA Model Managers are responsible for ensuring the tools and analyses are operating properly and consistent with your Proposal and SIS. Diversification, asset allocation and rebalancing strategies do not ensure a profit or guarantee against a loss.

You may, at no additional expense, impose reasonable restrictions on the purchase of particular securities for your MIP UMA Program account. You may request that certain specified securities, or certain categories of securities, not be purchased for your MIP UMA Program account, but you may not require that particular securities be purchased, and you may not make changes to the securities in a mutual fund, closed-end fund and/or ETF because such funds operate in accordance with the investment objectives and strategies described in their respective prospectuses. If you impose reasonable restrictions, the portion of your MIP UMA Program account assets that would have been invested in any restricted security or category of securities will be invested either in cash or cash alternatives or in an appropriate alternative security. Imposing restrictions may cause Envestnet, a UMA Model Manager trading away from Envestnet, or your IAR to change the investment decisions/recommendations that it would otherwise make. Your IAR, the UMA Model Manager, and/or Envestnet determines whether a restriction is reasonable and manages MIP UMA Program account assets based on any accepted restrictions. Imposing restrictions may cause your MIP UMA Program account’s performance to be lower than the performance of unrestricted accounts.

In determining the reasonableness of a restriction, your IAR, UMA Model Manager, and/or Envestnet, as applicable, will determine in its discretion which specific securities fall within the restricted category and may rely on outside research and sources. The MIP UMA Program and the optional Overlay Services use Envestnet’s technology platform, and therefore Envestnet will apply any reasonable restrictions you impose. Although reasonable restrictions can be accepted as described above, this will not result in any obligation to manage your MIP UMA Program account in accordance with any investment guidelines, policy statements or other documents unless specifically agreed to do so, in writing.

If you choose to impose restrictions on your MIP UMA Program account, it may impact the customization of your account if you also implemented the Impact Overlay Services. The use of the Impact Overlay Services in conjunction with your requested restrictions may result in recommendations from Envestnet that may be inconsistent. If you utilize the Impact Overlay Services, you should discuss with your IAR any impact of a restriction you request for your MIP UMA Program account.

Neither the Firm nor your IAR retains discretion to buy or sell alternative investments in your account. However, certain UMA Model Managers have discretion to use alternative investments in your UMA Program account. If you would like to invest in these types of securities, you will need to execute a separate agreement with NFS.

## Is the MIP UMA Program for You?

The MIP UMA Program is a unified managed account program under which the Firm, through its IARs, make allocation recommendations of UMA Model Managers(s) for your investment. The MIP UMA Program is appropriate for clients who seek ongoing investment advice. The MIP UMA Program is not appropriate for clients who prefer to manage their investment portfolio on their own, without the assistance of a financial advisor, or who are not looking for ongoing or comprehensive investment advice. You should understand that where the Firm expressly agrees to act as an advisor to you, as it does under the MIP UMA Program, your IAR's primary role is to provide advice.

The services offered in this Brochure are offered as part of a "wrap fee program." A wrap fee program bundles, or wraps, investment advice about asset allocation and specific securities, and brokerage services (execution of transactions, reports and custody of assets), for a single asset-based fee. The services offered in this Brochure are designed for clients who prefer to pay an annual fee based on total assets under management. They generally are more appropriate for investors with an intermediate to long-term investment time horizon. You should consider whether these services are appropriate in light of, among other things: the costs and potential benefits; your need and desire for professional money management service; whether you are comfortable giving investment discretion to a professional money manager or to your IAR; your investment objectives, risk tolerance and time horizon for your assets; your financial circumstances, and whether investing in securities is appropriate for you.

Advisory accounts are typically more expensive than brokerage accounts over time due to the ongoing advisory fee and additional services provided (such as, account monitoring and investment advice). You have the opportunity to impose reasonable investment restrictions on the investment of your assets under the selected MIP UMA Program by requesting them through the SIS and, where you have done so, this will limit the investment discretion that the Firm and your IAR can exercise over your account with respect to those investment restrictions.

### Termination of the Advisory Relationship

The MIP UMA Program and/or Overlay Services will continue in effect under your Agreement until terminated by either you or the Firm in accordance with the termination provisions of the Agreement. Notwithstanding the foregoing, the Firm may retain amounts in your account sufficient to effect any open and unsettled transactions. In this respect, you are responsible to pay for services rendered, and for transactions effected. Any termination will therefore not affect any liabilities or obligations that are incurred or that arise from transactions before such termination.

**The Agreement that you are required to review and execute prior to the preparation and delivery of any type of services contains additional disclosures. Please review it carefully prior to signing the agreement.**

When your account is terminated, whether per your instructions or by the Firm, you assume sole responsibility for providing instructions as to the execution of transactions in your account and you will no longer be charged the Program Fee and/or the optional Overlay Services Fee, as applicable. Additionally, you will be limited to one or more of the following transactions: (1) redeem the existing securities in your account and transfer the redemption proceeds to the money market fund available in your account, (2) transfer the securities held in your account, in kind, to a non-advisory, retail brokerage account that you have established with VFA as broker/dealer and carried by NFS as custodian ("VFA Retail Brokerage Account") or to another broker/dealer, or (3) redeem the securities in your account and transfer the redemption proceeds out of the account. After the termination of your advisory account, you will no longer pay the Program Fee and/or the Overlay Services Fee, as applicable; however, you will pay certain fees and expenses will apply.

The fees and expenses you pay after the termination of your account depends on which option you choose. If you choose option 1, you will pay any fees and expenses charged by that money market fund as set forth in the fund's prospectus. If you choose option 2, transferring assets out of your account, whether cash, mutual funds, or individual securities in kind, to a new brokerage account may require that you complete a new account application, which will detail any fees you may be charged. If you choose to transfer or continue to hold securities in a VFA Retail Brokerage Account, you will pay certain fees to NFS, in addition to any fees and expenses associated with your investment(s). These fees include, for example, custodial fees, termination and/or transfer fees, transaction fees, and other account servicing fees. You may also pay fees to VFA in the form of commissions for securities trading in your VFA Retail Brokerage Account, 12b-1 fees, and/or mutual fund sales charges for any mutual funds you acquire in your VFA Brokerage Account. NFS may also have agreements with the mutual funds offered in your VFA Retail Brokerage Account, including revenue-sharing or similar compensation arrangements, and will pay some, or all, of this compensation to VFA as payment in all or part for recordkeeping or other shareholder-related services. More information about these fees is available in your NFS brokerage agreement, your fund prospectus(es), or by contacting your IAR. If you choose option 3, you will pay account termination fees to NFS. Your IAR does not receive any of these fees for any of these options. There may also be tax implications; please consult your tax advisor prior to termination.

**Compensation and Conflicts of Interest.** As a registered representative of the Firm, your IAR is paid for the sale of products and services, including sales commissions for annuities and mutual funds, and ongoing fees for certain securities and advisory services. For example, your IAR receives a portion of the Advisory Fee you pay on your account(s), which is an ongoing fee for the services provided under the MIP UMA Program. Your IAR's compensation will vary based on the products and services provided to you. Your IAR has a financial incentive for you to transfer your assets to a product or service that would increase the IAR's compensation over what he/she receives on an existing product or service.

We manage the potential for this conflict of interest by maintaining policies and procedures designed to ensure that IARs make recommendations that are in the best interest of the investor in the context of the products and services offered by the Firm. Specifically, all recommendations to transfer assets from one product to another are reviewed by our Supervision department, the members of which do not receive any variable product-based compensation. Additionally, the Firm maintains a program for the review of these policies and procedures via compliance-related reviews and testing, and from time-to-time the Firm engages outside consultants to review, evaluate, and recommend changes to existing policies and procedures.

**Funds and Third-Party Model Managers.** In the MIP UMA Program the Firm approves, and our IARs recommend, the selection and retention of UMA Model Managers (and their Allocation Models and SMAs). More information on Envestnet's due diligence and review of UMA Model Managers is provided in Item 6 – Portfolio Manager Selection and Evaluation below. Some UMA Model Managers and their SMAs will generate more revenue for us over other options (such as those that generate lower transaction costs to absorb), at least some of the time. UMA Model Managers create and update the SMAs that allow you to invest in individual equities and/or fixed income securities (and, in some cases, mutual funds and/or ETFs) based on a particular investment style. UMA Model Managers create and update the Allocation Models that allow you to invest in funds and/or ETFs based on a particular investment style.

**Underlying Fund Fees and Expenses.** Your mutual fund, closed-end fund and/or ETF investments in the MIP UMA Program are subject to certain internal fees and expenses, such as advisory, administrative, custody and other fees and expenses charged by the mutual fund, closed-end fund and/or ETF as applicable, which shareholders bear on a pro rata basis.

Specifically for mutual funds, they offer a variety of share classes, which hold the same portfolio securities but differ in total cost due to the imposition of various fees (such as 12b-1 fees, sub-transfer agency and shareholder services fees). A higher cost share class of a particular mutual fund will result in lower investment performance compared to a lower cost share class of the same fund. The Firm does not typically use share classes of mutual funds that charge 12b-1 fees if there is a non-12b-1 share class available. If NFS uses mutual funds that charge a 12b-1 fee and such fee is received by NFS and is paid to VFA, any such fees will be rebated to clients. However, SMAs managed by the UMA Model Managers can use share classes that include sub-transfer agency and/or shareholder service fees, which compensate NFS for services it provides to such mutual funds ("Eligible Share Classes"). VFA generally seeks to include use the least costly Eligible Share Class available to the MIP UMA Program, however, UMA Model Managers are responsible for selecting the most appropriate share class for their discretionary assets. Note that there may be other less costly share classes offered by the mutual fund that (i) not available on the NFS platform, (ii) are available on the NFS platform but are subject to a surcharge imposed by NFS to trade such share classes, or (iii) are not available for use in the UMA Models due to constraints imposed by the mutual fund. In such instances VFA is not able to offer these lower cost share classes. VFA monitors on a periodic basis for the launch and availability of lower cost Eligible Share Classes on the NFS platform and will seek to exchange investors into such Eligible Share Classes on a periodic basis following the availability of such lower cost Eligible Share Class(es).

The UMA Model Managers are responsible for the model allocations to the underlying mutual funds. Accordingly, the Firm cannot dictate which share class is used for these sleeves – that decision is controlled by the underlying UMA Model Manager. As part of its periodic review process, the Firm will work with its service providers, including Envestnet, to facilitate the exchange into a lower cost share class following the availability of such lower cost share class(es), but such decisions and timing are controlled by Envestnet or the underlying UMA Model Manager.

In addition, other investment vehicles may be selected by the UMA Model Manager, including interval funds. Interval funds are a form of a closed-end fund which periodically offers to repurchase a limited percentage of its outstanding shares with the objective of providing its shareholders with access to illiquid investment strategies in order to seek enhanced risk-adjusted returns and as an alternative source of returns and/or income.

**Trading Through Other Broker-Dealers.** The Program Fee covers investment advice, portfolio management services and trade execution services placed through NFS only. Envestnet and UMA Model Managers with discretionary authority over your account can execute trades through a broker-dealer other than NFS when they reasonably believe that another broker-dealer may effect trades at a price, including any commissions or dealer markup or markdown, that is more favorable to your account than would be the case if the Firm traded them through NFS. Even if the price is not more favorable, Envestnet or UMA Model Manager(s) may "trade away" from NFS based on other relevant factors in selecting a broker-dealer, including execution capabilities, speed, efficiency, confidentiality, familiarity with potential buyers or sellers, and available inventory.

If Envestnet or the UMA Model Manager(s) effects trades through another broker-dealer, you typically will pay additional fees to compensate that broker-dealer for its services, including a commission, commission equivalent, markup/markdown, order handling fees, or fees imposed by an execution provider, exchange or clearing corporation, or other fees mandated by law. Those fees are in addition to your Program Fee (and to the spread on securities traded in dealer markets) and will increase your overall cost to participate in the MIP UMA Program.

It is expected that many of the equity (stock) trades will be executed by NFS. However, certain fixed income UMA Model Managers have historically directed most, if not all, of their trades to outside broker-dealers. These UMA Model Managers include, but are not limited to, those that offer municipal, corporate and convertible fixed income SMAs.

If you transfer securities to fund your MIP UMA Program account, Envestnet may use an outside broker-dealer to sell those securities that are fixed income, hard to value, illiquid, or thinly traded, or to sell other securities that NFS cannot sell. The fees described above will be charged to you.

Envestnet or the UMA Model Manager(s), as applicable, selects broker-dealers and is responsible for meeting its best execution obligations to the client. You should carefully review the UMA Model Manager's or Envestnet's brochure to learn whether and when it uses broker-dealers other than NFS to effect any trades. You also should carefully review all trading for your MIP UMA Program account to understand the frequency of trading through other broker-dealers and any additional trading costs that may be incurred. You should discuss these trades and any associated trading costs with your IAR.

**Other Costs Associated with the Purchase and Sale of ETFs.** Your UMA Account may include ETFs and you should note that shares of an ETF trade on an exchange, and therefore, the value of such shares may differ from the value of the ETF's underlying investments. ETFs may trade at a market price which reflects a "premium" or a "discount" to the net asset value ("NAV") of their shares. If the market price is higher than the NAV, the ETF is said to be trading at a "premium." If the price is lower, it is trading at a "discount." Accordingly, ETFs may be purchased at prices that exceed the NAV of their underlying investments and may be sold at prices below such NAV. Under such circumstances the trading price of ETF shares sold at a discount may not mirror the NAV of the underlying investments of those ETF shares. Moreover, there are costs associated with purchasing and selling an ETF, called a "bid-ask" spread (the difference between what a buyer is willing to pay (bid) for an ETF and the seller's offering (ask) price. All of these transaction costs (which do not apply to the purchase and sale of mutual funds) will adversely affect the performance of the UMA Models that include ETFs.

**Unique Considerations of Securities with a Focus on ESG Investing.** Certain UMA Models or underlying investment options may include or focus on allocations to securities with an ESG or "sustainable" investment orientation (including mutual funds or ETFs); for these UMA Models, the UMA Model Manager selects investments or allocations to securities based on their view of the sustainability and ethical impact of an investment in a business or company. Mutual funds or ETFs whose names suggest a focus on ESG or "sustainable" investments and securities must invest at least 80% of their assets in that investment type which means that any Portfolios with investments in these types of funds will have a significant portion, if not all, of their assets invested accordingly. More information on the criteria they utilize to select or allocate investments within the mutual funds and/or ETFs is provided in the prospectuses for these mutual funds and ETFs. Accordingly, these types of investments screen out, and may forego certain potentially profitable investment opportunities in, specific companies and industries pursuant to the ESG and/or sustainability criteria established by the portfolio manager. If an underlying mutual fund or ETF in an UMA Model is focused on ESG and/or sustainability investing, it could result in lower performance results for such UMA Model compared to others that do not apply ESG and/or sustainability-focused exclusionary screens to screen out specific companies or industries. Also, not all investors agree in their views of what constitutes positive or negative ESG and/or sustainability characteristics and, as a result, an UMA Model may have an ESG and/or sustainability-focused investment selected by the portfolio managers for the mutual funds and/or ETFs, or for the UMA Models by the UMA Model Managers, which does not reflect the beliefs of any particular investor. The UMA Model Managers are responsible for the due diligence, screening, and monitoring of investments in these UMA Models based on their selected ESG and/or sustainability screening criteria.

The screening and selecting strategies for investments using ESG-related criteria usually reduces investment choice and can result in exposures different from strategies or investments that do not consider such criteria. As a result, there is a risk that an UMA Model that was constructed with the consideration of ESG-related goals may generate lower financial returns than one that was not constructed with the consideration of ESG factors. For example, mutual funds and/or ETFs that incorporate ESG factors into the investment process may limit their exposure to certain types of investments which may generate higher returns. Also, an investment in an ESG-focused fund may be less diversified relative to funds with similar strategies that do not have an ESG focus. The consideration of ESG-related information in the construction of your UMA Model should not be viewed as a guarantee that your ESG-related goals or the ESG-related goals of the underlying investments will be met. Neither the Firm nor your IAR will manage or monitor your account on an ongoing basis from an ESG-related perspective. While certain holdings in your UMA Model may seek ESG-specific outcomes, there is no guarantee such results will be achieved by the issuer or manager of the security.

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

The Firm offers the services described in this Brochure primarily to U.S.-domiciled individuals, including high net worth and ultra-high net worth individuals. The Firm may, in limited instances, offer these services to entities, such as partnerships and trusts. You will be required to meet certain minimum requirements for investable assets as described in this Brochure.

To enroll in the MIP UMA Program and also the Overlay Services, and utilize the services described in this Brochure, you will enter into an Investment Advisory Agreement, a Brokerage Agreement, and also complete an Account Application and SIS. Some clients



(e.g., a trust) may be required to submit additional documentation in order to open an account. The Brokerage Agreement governs the brokerage services provided by NFS in connection with your enrollment.

You should discuss with your IAR the Firm's minimum account balance requirements to open an MIP UMA Program account. Each UMA Model Manager sets its own minimum investable balance requirement. As a result, you may not be able to invest in a particular investment option if the amount to be invested would be less than the investment option minimum. Consult with your IAR for a description of the investment option investment minimums; for the sleeves refer to each UMA Model Managers' Brochures for more information.

The Firm reserves the right to terminate an account if the assets in an account fall below the UMA Model Manager minimums and cannot be managed according to the SIS. The Firm may, in its discretion, close the account and transfer your assets to a standard brokerage account. Once in a standard brokerage account, such assets will not be managed and will be subject to the fees and charges normally assessed by the Firm and/or NFS on its brokerage accounts. More information about these fees and charges is provided in your Brokerage Agreement and in Item 4 of this Brochure.

Accounts cannot be aggregated, even if they are beneficially owned by the same person or entity, for the purpose of meeting the minimum thresholds. Initial asset value less than the minimum account opening amount will not be managed under the selected Program but will be placed in the cash sweep option until the asset value reaches the required minimum account opening amount and be subject to the fees and charges normally assessed by the Firm and/or NFS as described in this Brochure. The "cash sweep" option allows clients to have their cash balances awaiting investment (e.g., from cash deposits, securities transactions, dividend and interest payments, and other activities) automatically deposited, or "swept," into a core account investment vehicle, or "cash sweep," that NFS makes available. Once the required account opening amount is reached, your assets will then be invested in accordance with your UMA Model.

You may make additional contributions to your account at any time subject to the above minimums. Contributions can be funded with cash or marketable securities (see below for more information on securities-funded contributions). Additional contributions are allocated initially to the cash sweep option and will remain there until your account is rebalanced or the cash allocation in your account reaches certain parameters. If you contribute marketable securities to an account, the Firm and Envestnet have the right to liquidate those securities holdings in their sole discretion. Accordingly, you should be aware that a reasonable amount of time is necessary to execute such trades and you should consider the cost, if any, of sales charges previously paid or to be paid upon such redemption, which are in addition to the Program Fee you will pay. Also, such redemptions might have tax consequences for you that should be discussed with your independent tax advisor before making any redemptions.

If you own shares of a marketable security outside of the MIP UMA Program and want to transfer such shares into the MIP UMA Program, Envestnet will attempt to rebalance your account in accordance with your Portfolio Guidelines, if necessary. This means that if all of the shares of the marketable securities cannot be transferred into the MIP UMA Program without causing your account to be out of balance with the selected investment objective for your account as set forth in your Proposal and SIS, those shares that would cause your account to be out of balance will be sold by Envestnet at its discretion. The proceeds of the sale will be used to purchase other securities in accordance with your Proposal and SIS guidelines. The Firm and Envestnet retain the right to liquidate any marketable securities transferred in-kind into your account. Since transferring shares of a marketable security held outside the MIP UMA Program into the MIP UMA Program may trigger sales of marketable securities in your account, such transfers may result in a taxable event in which capital gains or other taxes apply. You should consult with your tax professional before initiating the transfer. Transferring marketable securities held outside the MIP UMA Program into the MIP UMA Program may result in a taxable event to which capital gains or other taxes apply. The proceeds of the sale will be used to purchase other securities in accordance with guidelines set forth in your Proposal and SIS.

**Unsupervised Positions.** Any assets transferred into your account will generally be sold, unless such assets are used to fulfill an allocation within your account. There are two circumstances in which the assets transferred into your account will be maintained outside of your selected Portfolio ("Unsupervised Positions"). The most common circumstance is when assets transferred into your account are not part of the Portfolio's model holdings and cannot be liquidated or rebalanced, for some reason, for example, because they are illiquid or cannot otherwise be sold through Envestnet's normal processes (i.e., as part of an account rebalance). Unsupervised Positions will not be included in the assets used to calculate your account fee or performance, provided that such assets are categorized as Unsupervised Positions before being transferred into your account or that the Unsupervised Positions are identified by Envestnet before an account is incepted. Advisory services will not be provided with respect to Unsupervised Positions. If the Unsupervised Position is accepted into your account after the account has been incepted, then such assets will be included in your fee and performance reporting until categorized as an Unsupervised Position. Any information your IAR or VFA furnishes you is for educational purposes only and not intended as a recommendation.

Neither your IAR nor VFA will monitor your Unsupervised Positions, and Unsupervised Positions will not be taken into consideration by your IAR, VFA, Envestnet, or any Strategist or Separate Account Manager when deciding how to invest the assets in your account or whether your Account is consistent with your risk tolerance. Neither VFA nor your IAR will have the discretion to sell Unsupervised Positions without your instruction. Because VFA and IARs are not compensated on Unsupervised Positions, VFA and its IAR have an incentive to encourage you to liquidate an Unsupervised Position and reinvest the proceeds as quickly as possible in your account.



If you hold Unsupervised Positions in your account, such holdings will be reported along with your Program Assets on your statements from NFS and will be noted accordingly. They will also be listed separately on the Quarterly Performance Review (defined below), but they will not be taken into consideration in calculating the performance of your Portfolio. The only options with respect to Unsupervised Positions are to (1) liquidate the position(s) and have the proceeds invested according to the allocation used in your Portfolio; or (2) transfer the Unsupervised Positions into a separate retail brokerage account which will be governed by its own terms and conditions.

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

### *Selection of Available Investment Options*

The IAR selects an UMA Model in the MIP UMA Program. In general, to populate UMA Models, your IAR selects the UMA Model Managers from the universe that Envestnet has granted an "Approved" research status. More information on Envestnet's research and due diligence process, and the arrangements Envestnet has with UMA Model Managers available through its platform and made available to wrap fee program sponsors, such as the Firm, is available in Envestnet Asset Management, Inc.'s Part 2A Brochure available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Notwithstanding the review and selection processes of your IAR, the Firm, and Envestnet, you should be aware that investing in the investment options is subject to market risk and possible loss of principal. The purpose of each screening process is to identify investment options that satisfy certain minimum investment criteria.

Envestnet's investment options selection criteria and screening process are not applied to the cash sweep option. More information about this option is provided in the "Cash Management Features" section. Neither Envestnet's nor the Firm's investment options selection criteria and screening process or applies to mutual funds or ETFs included in an SMA.

The Firm does not charge any performance-based fees in the MIP UMA Program (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### *UMA Model Managers*

Your IAR selects the UMA Model Managers from Envestnet-approved options for the MIP UMA Program. The Firm and your IAR monitors the UMA Model Managers and the UMA Models. The Firm or your IAR, at any time and at their discretion, may replace a UMA Model Manager in your account with another approved UMA Model Manager and/or add other UMA Model Managers to your account. Additionally, Envestnet will notify the Firm when an UMA Model Manager fails to meet Envestnet's screening criteria and will recommend appropriate replacement UMA Model Managers.

Envestnet creates an UMA Model Manager Profile information sheet on each UMA Model Manager, which includes information on the strategies that each UMA Model Manager creates and/or manages for the MIP UMA Program. UMA Model Manager Profiles are available from the IAR.

### *Additional Information – IAR Prerequisites*

In order to become an IAR of the Firm and provide services to you as described in this Brochure on behalf of the Firm, your IAR must fulfill a series of prerequisites including, but not limited to completing on-line training courses, meeting certain Firm defined compliance and business conduct standards, and adhering to the Firm's Code of Ethics, which is described in Item 9 of this Brochure.

If your IAR is unable to continue servicing your account for any reason, the Firm will assign your account to another IAR. If the Firm cannot reassign your account to another IAR, it will notify you and terminate your Agreement upon notice to you. You can terminate your participation in the MIP UMA Program at any time.

### *Due Diligence on Envestnet*

The Firm conducts due diligence on Envestnet, generally on an annual basis. The due diligence includes a review of Envestnet's organization, personnel, investment philosophy, investment process (asset allocation and investment selection), due diligence process, performance, and back office. The annual due diligence typically includes site visits to some of the Envestnet offices. The Firm does not calculate Envestnet's investment performance or review its performance information in order to determine or verify (i) its accuracy or compliance with any presentation standards, or (ii) if such information is calculated on a uniform or consistent basis. Furthermore, the Firm does not advertise or publish any information about its own investment performance.

### *Due Diligence on UMA Model Managers*

An Envestnet portfolio management team conducts due diligence on all UMA Model Managers utilized with the MIP UMA Program based on their proprietary due diligence methodology to determine which managers can be made available to serve as an UMA Model Manager for your UMA Account. More information on Envestnet PMC's due diligence process is available in Envestnet Asset Management, Inc.'s Part 2A Brochure available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Your IAR will recommend one or more UMA Model Managers from this list of managers provided by Envestnet. Envestnet, in consultation with the Firm, will provide ongoing manager oversight of these UMA Model Managers.

### *Services provided by Envestnet*

Envestnet is an investment management firm founded in 1999 that provides investment management and investment advisory services through independent investment advisors such as the Firm. The MIP UMA Program is generally made available by Envestnet through certain of the Firm's IARs.

Envestnet provides services, including the technology platform, to the Firm for the MIP UMA Program. Envestnet rebalances clients' accounts (based on instructions from their respective IARs or the UMA Model Manager) and implements investment recommendations and places trades for your IAR and, with limited exceptions described in Item 4 above, also for your UMA Model Manager. Envestnet develops the recommended Overlay Models available within each risk profile in the MIP UMA Program, as well as create and maintain the risk tolerance questionnaire used in the MIP UMA Program and creates the logic to map the results of the questionnaire to your risk profile.

For the MIP UMA Program, Envestnet conducts due diligence services for the Firm on the mutual funds, ETFs, Allocation Models, and SMAs available. The Firm limits its consideration of investment options to the UMA Model Managers, mutual funds, ETFs, Allocation Models, and SMAs (as applicable) that Envestnet pre-screens and approves for the Firm's consideration. The Firm approves the UMA Model Managers and the Allocation Models available in the MIP UMA Program, but not the specific mutual funds or ETFs available in the Allocation Models.

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

Envestnet provides the operational and system support for the services described in this Brochure, and the UMA Model Managers are responsible for the design and management of the underlying investment options in the UMA Models as described above. Envestnet and the UMA Model Managers do not have a direct relationship with you. It is important to periodically review your Client Profile information with your IAR and make any applicable updates should your retirement objectives or investment circumstances change.

Based on your responses to the Client Profile Questionnaire, your IAR will recommend an UMA Model Manager from a list of UMA Model Managers for which Envestnet has made conducted its internal due diligence and available for to you. Your IAR will present recommendations for your review and approval. Once you approve the UMA Model it will be implemented. A review may be initiated by you any time you experience changes in your personal or financial circumstances, or changes occur in market conditions. The list of UMA Model Managers available within the MIP UMA Program for which you chose your UMA Model Manager is reviewed and/or updated periodically by Envestnet.

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

For information about your account, you should contact your IAR. Your IAR is also available to accept inquiries from you about Envestnet and UMA Model Managers, as well as each of their roles for the services described in this Brochure and will coordinate the provision of their responses to you. You should not contact Envestnet or the UMA Model Manager directly because they rely on the IAR and the Firm to address direct client inquiries.

### **Item 9 - Additional Information**

#### *Disciplinary Information*

We are required to disclose any legal or disciplinary events that are material to our clients or our prospective client's evaluation of our investment advisory business or the integrity of our management. The following are disciplinary events relating to the Firm and/or our management personnel.

On November 28, 2016, without admitting or denying FINRA findings, the Firm submitted a letter of acceptance waiver or consent for the purpose of settling alleged NASD and FINRA rule violations that it failed to: (1) have a reasonable system or process/procedures designed to address, analyze or review the conflicts of interest in its compensation program or to ensure that balanced disclosures was provided to the investors regarding such compensation program, (2) to maintain adequate systems and procedures to supervise the sale of variable annuities to retail brokerage customers, (3) maintain supervisory procedures and training materials that provide registered representatives and principals guidance or suitability considerations for sales of different variable annuity share classes, including L-share variable annuities, (4) enforce supervisory procedures requiring that certain emails flagged by its email surveillance system be reviewed by designated Firm supervisors, (5) establish a reasonable system and procedures to supervise its complaint reporting responsibilities, and (6) failed to issue account notices at account opening and then on 36-month intervals for certain brokerage customers. The Firm was censured and fined \$1,750,000.

In April 2017, VALIC entered into a consent judgment with the State of Indiana wherein VALIC was fined \$75,000 in connection with a privacy breach that was disclosed in 2013/2014 to regulators and impacted customers.

In November 2017, VALIC entered into a settlement agreement with the Minnesota Department of Commerce wherein VALIC was fined approximately \$177,000 in connection with unclaimed property procedures.

On June 3, 2019, without admitting or denying any findings of fact or conclusions of law, the Firm settled a matter with the Securities Enforcement Branch ("SEB") of the Hawaii Department of Commerce and Consumer Affairs. As part of the settlement, the Firm entered into a consent order with the SEB (the "Consent Order"), which states that the Firm failed to supervise a registered representative who had submitted a transaction without proper customer authorization. Pursuant to the Consent Order, the Firm paid a fine of \$10,000.

On July 28, 2020, the SEC issued an order regarding certain VFA mutual fund and mutual fund share class selection practices. Specifically, the SEC found that the Firm had not appropriately disclosed certain conflicts of interest due to its receipt of revenue sharing, avoidance of transaction fees, and receipt of 12b-1 fees, in violation of Section 206(2) of the Advisers Act. The SEC also found that VFA did not adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder in connection with its mutual fund share class selection practices, in violation of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. VFA neither admitted nor denied the SEC's findings.

Solely for the purpose of settling this proceeding, VFA consented to a cease-and-desist order, a censure, to pay to affected investors disgorgement of \$13,232,681 and prejudgment interest of \$2,211,072, and to pay a \$4.5 million civil monetary penalty. VFA also agreed to review and correct as necessary all relevant disclosure documents concerning mutual fund share class selection, revenue sharing, transaction fees, and 12b-1 fees, and to comply with certain other related undertakings as well.

On July 28, 2020, the SEC issued an order finding that the Firm failed to disclose to certain Florida teachers that the Firm's parent company, VALIC, provided cash and other financial benefits to a for-profit company owned by Florida K-12 teachers' unions in exchange for referring teachers to products and services offered by VALIC and the Firm, in violation of Sections 206(2) and 206(4) of the Advisers Act and Advisers Act Rule 206(4)-3 thereunder. The SEC also found that VFA did not adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder, in violation of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. VFA neither admitted nor denied the SEC's findings.

Solely for the purpose of settling the proceeding, VFA consented to a cease-and-desist order, a censure, and to pay a civil monetary penalty of \$20 million. VFA also agreed to cap the management fee for the GPS Program for participants currently enrolled in this program in 403(b) and 457(b) plans offered by Florida K-12 schools, and to also offer this rate to any 403(b) and 457(b) participants offered by Florida K-12 schools who enroll in the GPS Program through the Portfolio Director annuity within the next five years. This capped rate will remain in effect for such participants for the duration of enrollment in the GPS Program. VFA also agreed to comply with certain other related undertakings as well.

On January 8, 2021, the Firm completed an AWC with FINRA for the purpose of settling alleged FINRA rule violations that it failed to (i) establish a reasonably designed system and written supervisory procedures to monitor rates of variable annuity exchanges and implement corrective action in the case of inappropriate exchanges, violating FINRA Rules 2330(d), 3110, and 2010; (ii) reasonably supervise recommendations involving the investment of additional funds in an existing variable annuity, violating FINRA Rules 3110 and 2010, and (iii) timely report statistical and summary information for certain customer complaints during a specified period, violating FINRA rules 4530(d) and 2010. VFA neither admitted nor denied FINRA's findings. Solely for the purpose of settling the proceeding, VFA consented to a censure and a fine of \$350,000.

### *Material Risks*

Investing in securities involves risk of loss that investors should be prepared to bear. All investments present the risk of loss of principal – the risk that the value of securities, when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds can be less than the purchasing power of the original investment.

You should carefully read a copy of the Model Manager's and/or UMA Model Manager's Brochures (as applicable to your account), current prospectuses, or other disclosure documents, prior to investing. Those disclosure documents contain information regarding any fees, expenses, investment objectives, investment techniques, and risks associated with their respective investments. The investment returns on your account will vary and there is no guarantee of positive results or protection against loss. No warranties or representations are made by the Firm concerning the benefits of participating in the services offered by the Firm as described in this Brochure.

In general, the Firm relies on third-party investment advisers and money managers to perform investment related research and to provide allocation and securities recommendations, including recommendations to reallocate and rebalance portfolios. Please refer to Item 4 of this Brochure for a description of our services and the services provided by third-party investment advisers and money managers. When reviewing third-party investment advisers and money managers, the Firm examines factors such as the experience, expertise, investment philosophies, firm infrastructure and past performance of investment advisers and money managers, initially and on an ongoing basis, in an attempt to determine if that investment adviser or money manager has reasonably demonstrated an ability or the potential to meet their investment objectives over a period of time and in different economic conditions. A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future.

Third-party managers may themselves utilize third-party research as the basis for their investment recommendations under these Program. Please refer to the Envestnet Brochure and each Model Manager and/or UMA Model Manager Brochure for more information.

Given the wide range of investments in which your account may be invested, there is similarly a very wide range of risks to which your assets may be exposed. This Brochure does not include every potential risk associated with an investment strategy, or all of the risks applicable to a particular account. Rather, it is a general description of the nature and the risks of the strategies and securities and other financial instruments in which accounts may invest. **You should refer to the prospectus or other offering materials that it receives in conjunction with certain investments made in your account for a complete list of risks associated with that investment.**

Set forth below are certain material risks to which a client might be exposed in connection with the MIP UMA Program; this list is not an exhaustive list of material risks.

*Equity Securities Risk* — Equity securities (common, convertible preferred stocks and other securities whose values are tied to the price of stocks, such as rights, warrants and convertible debt securities) could decline in value if the issuer's financial condition declines or in response to overall market and economic conditions. A fund's principal market segment(s) – such as large cap, mid cap or small cap stocks, or growth or value stocks – can underperform other market segments or the equity markets as a whole. Investments in smaller companies and mid-size companies can involve greater risk and price volatility than investments in larger, more mature companies.

*Fixed-Income Securities Risk* — Fixed-income securities are subject to interest rate risk and credit quality risk. The market value of fixed-income securities generally declines when interest rates rise, and an issuer of fixed income securities could default on its payment obligations. Corporate fixed income securities respond to economic developments, especially changes in interest rates, as well as to perceptions of the creditworthiness and business prospects of individual issuers. Fixed income securities involve credit risk if an issuer defaults on making interest payments, inflation risk, and interest rate risk as interest rates can rise faster than the rate on the fixed income security.

*Asset Allocation Risk* — Your account may be a stand-alone asset allocation strategy or part of an overall asset allocation strategy and your IAR may recommend a focused or completion model primarily to complement an existing investment strategy. All strategies implemented by the Firm involve a risk of loss that you should be prepared to bear.

Asset allocation, often referred to as “traditional” or “strategic” asset allocation, is a strategy that seeks to diversify assets across various types of asset classes. Asset classes could include broad asset classes (such as equity or fixed income), or sub-asset classes (such as large cap, small cap, or international). The weights assigned to each asset class are expected to result in an overall portfolio with risk and return characteristics that meet your investment objectives. Asset allocation assumes that the mix of asset classes will remain fairly consistent over a long period of time. Your asset allocation targets typically are not changed unless your circumstances or objectives change. There are risks associated with asset allocation. One such risk is that you may not participate in sharp increases in a particular security, industry or market sector. If you have such an asset allocation you may not achieve your investment objectives and may lose money.

Tactical asset allocation is a strategy that actively adjusts a portfolio's asset allocation based upon short-term trends that could include financial market trends, economic cycles and asset class valuations. Based upon short-term assumptions, the portfolio allocations to certain asset classes are increased, while the portfolio allocations to other asset classes are decreased. There are risks associated with tactical asset allocation. If you have a tactical asset allocation strategy you may not achieve their investment objectives and may lose money. Tactical asset allocation is a market timing strategy, but its risk lies more in asset categories rather than individual securities. At different points in time, the tactical asset allocation and structure of your Portfolio vary significantly. There is no guarantee a tactical asset allocation will correctly predict or track market movements or that it will provide comparable returns or decreased volatility relative to traditional strategic asset allocation Program. Clients in tactical asset allocations are relying significantly on the skills and experience of the manager's ability to correctly judge changes in market behavior and construct a portfolio that predicts market behavior. In addition, even if the portfolio is correctly positioned, there is no guaranty that you will not experience substantial losses. The tactical asset allocation results in a portfolio may experience frequent trading in order to take advantage of anticipated changes in market conditions. A high level of portfolio turnover may negatively impact performance by generating greater tax liabilities and brokerage and other transaction costs.

Focused or completion strategies are portfolios that are concentrated in a certain asset class or deploy a specific strategy. Generally, focused or completion strategies are used to complement other holdings. There are unique risks associated with focused and completion strategies, such as increased volatility since portfolios are often concentrated in a particular asset class.

*Alternative Mutual Funds Risk* — Alternative mutual funds are publicly offered mutual funds that have many of the same protections as other registered investment companies but accomplish investment objectives through non-traditional investments and trading strategies. Alternative mutual funds are speculative and involve significant risks including but not limited to those associated with the use of derivative instruments for hedging or leverage, liquidity and volatility risks associated with distressed investments, liquidity



risks associated with restrictions on securities purchased in an initial public offering or from privately held issuers, currency risk due to investments in or exposure to foreign assets or instruments, and risks associated with short selling of securities.

*Closed-End Funds: Interval and Tender Funds* – You should be aware that closed-end funds available within the MIP UMA Program may not give you the right to redeem your shares, and a secondary market may not exist. Therefore, the Firm or NFS may be unable to liquidate all or a portion of shares in these types of funds in an account. Interval funds will provide limited liquidity to shareholders by offering to repurchase a limited number of shares on a periodic basis, but there is no guarantee that the Firm or NFS will be able to sell all of the shares in any particular repurchase offer. The repurchase offer program may be suspended under certain circumstances. Tender funds typically invest in private securities, private placements, or other investments that have low to no liquidity. Unlike interval funds, tender funds are not obligated to offer to repurchase shares. Tender Funds have specific redemption dates (i.e., quarterly), which are announced approximately three weeks before the tender trade date. This means that NFS can only place sell orders on the actual tender date. Clients should be aware that the Firm will continue to charge advisory fees on assets invested in Interval and Tender Funds even during periods of limited liquidity.

*Convertible and Preferred Securities* — Convertible and preferred securities have many of the same characteristics as stocks, including many of the same risks. In addition, convertible securities may be more sensitive to changes in interest rates than stocks. Convertible securities may also have credit ratings below investment grade, meaning that they carry a higher risk of failure by the issuer to pay principal and/or interest when due.

*Credit Risk* — The risk that the issuer of a security, or the counterparty to a contract, will default or otherwise become unable to honor a financial obligation. An account that deals with counterparties in the investment of its assets may be subject to credit risk, including accounts that invest in private credit (credit not issued by a bank or traded on the public markets).

*Depository Receipts Risk* — Depository receipts, such as ADRs, are certificates evidencing ownership of shares of a foreign issuer that are issued by depository banks and generally trade on an established market. Depository receipts are subject to many of the risks associated with investing directly in foreign securities, including among other things, political, social and economic developments abroad, currency movements, and different legal, regulatory and tax environments.

*Duration Risk* — Longer-term securities in which an account may invest tend to be more volatile than short-term securities. A Portfolio with a longer average portfolio duration is more sensitive to changes in interest rates and therefore may experience greater volatility, than a portfolio with a shorter average portfolio duration.

*Fixed Income Market Risk* — The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers, including governments and their agencies. Generally, fixed income securities will decrease in value if interest rates rise and vice versa. Declines in dealer market-making capacity as a result of structural or regulatory changes could decrease liquidity and/or increase volatility in the fixed income markets. In the case of foreign securities, price fluctuations will reflect international economic and political events, as well as changes in currency valuations relative to the U.S. dollar. In response to these events, a portfolio's value may fluctuate and its liquidity may be impacted. Additionally, a mutual fund may experience increased redemptions from shareholders, which may impact the mutual fund's liquidity or force the mutual fund to sell securities into a declining or illiquid market, which could result in a loss to the account.

*Cybersecurity* — The Firm's business is highly dependent upon information and computer systems, including those of third parties and their service providers. Those computer systems have been, and will likely in the future be, subject to or targets of unauthorized or fraudulent access, including physical or electronic break-ins or unauthorized tampering, as well as attempted cyber and other security threats and other computer-related penetrations. Like other financial services companies, the Firm, its service providers, and business partners are and will continue to be subject to cybersecurity and technology risks, such as malware and computer virus attacks, ransomware, unauthorized access, business e-mail compromise, misuse, denial-of-service attacks, system failures and disruptions. In addition, the Firm routinely transmits, receives and stores personal, confidential, and proprietary information by electronic means. Although the Firm employs various measures designed to keep such information and its computer systems confidential and secure, there is no guarantee that such measures will be fully effective, and the Firm may be unable to effectively protect such information or computer systems so in all events.

Cyber-attacks, other cyber-related risks, and technology outages could adversely impact the Firm's business or the Firm's ability to effectively provide its services, potentially resulting in financial losses to the Firm's clients. Those events could also result in a loss of confidential information, including personal information, give rise to remediation or other expenses, expose the Firm to liability under U.S. federal and/or state laws and regulations, or subject the Firm to litigation, investigations, sanctions and regulatory and law enforcement action, and result in reputational harm and loss of business, which could have a material adverse effect on the Firm's business operations. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by the Firm and those other entities



in order to prevent any cybersecurity breaches in the future. The Firm is also subject to a variety of evolving privacy and information security laws and regulations that expose the Firm to heightened regulatory scrutiny and require the Firm to incur significant technical, legal and other expenses in an effort to ensure and maintain compliance. If the Firm is found not to be in compliance with these laws and regulations, the Firm could be subjected to significant civil and criminal liability and exposed to reputational harm.

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

VFA is a wholly owned subsidiary of VALIC, which is a Texas-domiciled insurance company and is an SEC-registered investment adviser. VALIC is primarily engaged in the offering and issuance of fixed and variable annuity contracts and combinations thereof and is licensed to issue annuities in 50 states and the District of Columbia. VALIC is an indirect, majority owned subsidiary of AIG. VFA is also a registered broker-dealer with the SEC and a member of FINRA. VFA is regulated by the Municipal Securities Rulemaking Board, and state securities and insurance regulatory bodies. VFA is also a member of the Securities Investor Protection Corporation established under the Securities Investor Protection Act of 1970. In this capacity, VFA may transact in various types of securities, including, but not limited to, stocks, bonds, variable investment products and mutual funds. VFA, as well as our financial advisors, receive separate compensation for securities transactions effected through the Firm.

- Corebridge Capital Services, Inc. (“CCS”) is an indirect, majority owned subsidiary of AIG and an affiliate of the Firm. In its capacity as a registered broker-dealer, CCS acts as principal underwriter for the offer, sales and distribution of the variable annuity contracts issued by VALIC and its affiliates and as distributor of registered investment companies advised by VALIC.
- SAAMCo is an indirect, majority owned subsidiary of AIG and an affiliate of the Firm. SAAMCo serves as an administrator and investment sub-adviser to certain registered investment companies advised by VALIC.
- VALIC Trust Company Inc. (f/k/a AIG Federal Savings Bank), an affiliate of the Firm, acts as custodian/trustee for employer-sponsored retirement plans for which the Firm provides enrollment, education and advisory services to individual plan participants.
- VALIC Retirement Services Company (“VRSCO”) is a wholly owned subsidiary of VALIC and an SEC-registered transfer agent for registered investment companies advised by VALIC and SAAMCo. VRSCO is also a record keeper and service provider to certain retirement plans for which the Firm provides enrollment, education and advisory services.
- VALIC Company I (the “VALIC Funds”) are registered investment companies advised by VALIC and, with respect to certain funds, sub-advised by SAAMCo. The VALIC Funds are offered as underlying investment options within VALIC-issued variable annuity contracts and as mutual funds in employer-sponsored retirement plans for which VFA offers the GPS Program and GPA Programs, as applicable. For these funds, SAAMCo is the administrator and, for certain funds, an investment sub-adviser, CCS is the distributor, and VRSCO is the transfer agent.

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

The Firm has adopted a Code of Ethics (“Code”) for which it periodically reviews and updates. The Firm will provide a copy of its current Code to clients and prospective clients upon request by contacting us 866-544-4968.

The Firm, as an investment adviser, has a fiduciary duty to act in the best interests of its advisory clients. The Code requires honest and ethical conduct by all our supervised persons, compliance with applicable laws and governmental rules and regulations, the prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code, and accountability for adherence to the Code. The Code is designed to protect the organization and its clients from damage that could arise from a situation involving a real or apparent conflict of interest. While it is not possible to identify all possible situations in which conflicts might arise, this Code is designed to set forth our policy regarding the conduct of our supervised persons in those situations in which conflicts are most likely to develop. Supervised persons are expected to adhere to the Code and are also expected to follow procedures for the reporting any violations of the Code.

For access persons, the Firm requires that certain securities transactions be disclosed and/or reported. Access persons are any of the Firm’s supervised persons who have access to non-public information regarding any investment advisory client’s purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund (as defined in the Code) or any person who is involved in making certain types of securities recommendations to investment advisory clients, or who has access to such recommendations that are non-public.

In our capacity as a broker-dealer, we provide to our clients a variety of products and services for which we are compensated. If an advisory client chooses to utilize our services as a broker-dealer, VFA and registered representatives, who are also IARs, may earn compensation in the form of brokerage commissions in addition to advisory fees. Our registered representatives may recommend to you the purchase or sale of investment products in which we or a related entity may have some financial interest, including, but not limited to, the receipt of compensation.

## Privacy Policy

Protecting customers' personal information is important to the Firm. Therefore, the Firm has instituted policies and procedures to keep customer information confidential and secure. The Firm does not disclose any non-public personal information about its customers or former customers to any non-affiliated third parties except as required by or permitted by law. In the course of servicing a client account, the Firm may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and attorneys. The Firm delivers a copy of its privacy policy to prospective clients prior to establishing a client relationship with VFA and to all VFA clients annually, thereafter.

## Review of Accounts

The Firm is responsible for the operation of the services described in this Brochure.

**Services Provided by the Firm and Your IAR.** The Firm, through your IAR, will be available during business hours to answer any questions that you may have regarding your account and/or to provide client services related to your account. The Firm will notify you in writing at least quarterly to contact the Firm if there have been any changes in your financial situation or investment objectives that might affect the manner in which your account assets should be managed, and whether you wish to add, or modify any existing, investment restrictions imposed on the investments in your account, or whether there have been any changes in your investment objectives that might affect the manner in which your assets should be managed.

The Firm, or your IAR, will also contact you at least annually to review your account and to inquire whether anything has changed in your financial circumstances or investment objectives that might affect the manner in which your account assets should be managed and if you would like to add to, remove or modify any previously accepted investment restrictions imposed on the account.

Additionally, the Firm, your IAR, and Envestnet monitor the activities of your account on a periodic basis. The Firm will notify your IAR regarding an account, or to take any corrective actions as required by the Firm's policy, where appropriate.

Your IAR is available on an ongoing basis to discuss your enrollment in the services described in this Brochure or your investments in general.

**Services provided by Envestnet.** On an ongoing basis, Envestnet maintains the software utilized to generate the Proposal and SIS. Additionally, Envestnet has an ongoing responsibility for implementing securities trades according to the UMA Models. Envestnet shall also observe any client-imposed investment restrictions that Envestnet and/or the UMA Model Manager, as applicable, have accepted.

Envestnet has the authority to make securities trades through NFS in your account as necessary to fulfill its obligations hereunder. This includes the authority to make appropriate investment option and securities replacements and UMA Model changes as described herein. You will be notified of such changes through confirmations and account statements from the Custodian. You do not have the ability to opt out of this requirement.

- **Cash Allocation.** The UMA Models are designed to maintain a minimum cash allocation in the cash sweep option to facilitate administration of the entire investment portfolio (across multiple sleeves, if applicable), including, but not limited to, trading and fee collection. There may be instances when the cash allocation temporarily exceeds the target due to standard operational processing, such as the changing of investment options, processing of your contributions or withdrawals, or during the initial investment of your account. If the amount of your account invested in the cash sweep option varies beyond a determined maximum cash allocation, then your account will have purchases made into other positions in your allocation. The Firm, Envestnet and the UMA Model Managers each have the right to invest cash into other positions in the allocation to resolve for drift in the assets invested in the cash sweep option.
- **Periodic Rebalancing.** Envestnet will monitor your account on an ongoing basis and will rebalance your account periodically. Envestnet may rebalance your account at any time at its discretion to make the account's asset allocation consistent with the UMA Model investment guidelines and the applicable asset allocation and concentration parameters.
- **Style and Asset Allocation Drift.** If you impose restrictions on your MIP UMA Program account, this may result in style or asset allocation drift over time. This can occur if a certain security or asset class has a dramatic move that alters its relative portfolio weight. This will result in your account's asset allocation diverging significantly from its intended allocation as otherwise intended by the UMA Model Manager or your IAR.

Envestnet is responsible for the management and oversight of the UMA Models, including the Tax Overlay and Impact Overlay Services. This includes the authority to make appropriate investment option and securities replacements and UMA Model changes as described herein. You will be notified of such changes through confirmations and account statements from the Custodian. You do not have the ability to opt out of this requirement while enrolled in either or both of the Tax Overlay and Impact Overlay Services.

Further details of Envestnet's ongoing responsibilities under the Program can be found in the Envestnet Brochure available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Written Reports**

You will receive quarterly written reports from Envestnet that itemizes the activity in your account during the preceding quarter, the current asset allocation, and the market value of the account. The report will also provide market commentary, a breakdown of investments, and an account summary that includes the beginning balance, end-of-quarter balance, and year-to-date values. Additionally, NFS will provide you trade confirmations and quarterly account statements for your account. You will also receive all statements and forms required to be provided to you for tax reporting purposes.

## **Other Compensation; Client Referrals**

*Other Compensation.* The Firm maintains a program under which its representatives are eligible to attend an annual conference and/or other incentive trips sponsored by Corebridge Financial, AIG and/or VALIC which are based on their achievement of certain sales goals and plan enrollments. Certain of the Firm's top-earning IARs are designated as President's Circle members and receive additional compensation and benefits. Qualification for the annual conference and/or incentive trips as well as membership in the President's Circle is based on total compensation and plan enrollments as described in this Brochure and is not based on any specific product or category of products. However, because eligibility is based on the IAR's total compensation, IARs are incentivized to have clients purchase additional products and services, enroll individuals in plan-sponsored programs, and add assets to existing products and services, and to transfer assets to products and services that generate higher levels of compensation for the IAR.

With respect to each of the Firm's advisory programs, a portion of the advisory or program fees you pay to the Firm is paid to the IAR. Generally, the percentage of fees that the Firm pays to your IAR from the GPS Program, the GPA Program and/or MIP increases based on a rolling 12-month period as the IAR's aggregate compensation from both the sale of securities/insurance products and the receipt of advisory fees reaches certain thresholds during that rolling time period. This increase in compensation to the IAR will not increase the fees you pay to the Firm but does trigger the compensation conflict described in this section.

The compensation that your IAR receives from substantially all compensation sources counts towards your IAR's qualification for non-cash awards, trips and other non-cash benefits offered by the Firm. The Firm may implement a Program under which IARs may be eligible to win non-cash awards, trips and other non-cash benefits offered by the Firm for certain sales efforts relating to enrollment in employer-sponsored retirement plan accounts, among other factors. Similar to other sales-based Program, such non-cash awards are not based on the sale of any specific product or category of products. These Program will not change the fees that you pay for advisory services.

The Firm utilizes NFS as its clearing broker based on the high quality of services it provides which the Firm believes are in its clients' best interest. NFS provides the Firm all net profits on trading errors in various accounts the Firm has with NFS, including the MIP UMA Program, which gives the Firm an incentive to use its account at NFS for trade execution. The Firm also receives an annual payment from NFS, in the form of a credit, for transferring client accounts and/or clients' cash and securities to the NFS platform, subject to certain terms and conditions. This credit is applicable to rollovers, distributions, and other client contributions; it is exclusive of any increases or decreases in the value of securities or assets after conversion to the NFS platform. The Firm is incentivized to transfer clients' accounts and/or assets to the NFS platform as a result of the credit paid by NFS to the Firm, resulting in a conflict of interest for the Firm. The Firm mitigates this conflict through our ongoing assessment of the services that NFS provides to ensure that retaining NFS continues to be in our clients' best interests, as well as the disclosure provided herein.

The Firm's agreement with Envestnet indicates that Envestnet will reduce certain of its fees if assets under management attributable to the Firm's accounts reach specific thresholds. Accordingly, as the Firm's assets increase on the Envestnet platform and reach such thresholds, the Firm retains a higher portion of the Program Fee. Accordingly, the Firm has an incentive to increase clients' assets on Envestnet's platform. However, your total Program Fee and/or Overlay Services Fee does not increase or decrease as a result of this arrangement.

The Firm and/or one or more of its affiliates will receive payments from third parties, including fund sponsors, product partners, and service providers that choose to participate in, and that are designed to defray the costs associated with, Corebridge Financial, Firm, or VALIC-sponsored conferences, seminars, training or other educational events where these funds, products, or other related services are discussed and that are attended by our employees or employees of our affiliates and/or plan sponsors and plan consultants. These payments are not a condition of the availability of the products, mutual funds, and/or ETFs.

The Firm does not pay related or non-related persons for referring potential advisory clients for the services described in this Brochure.

*Sponsorship Activities of the Firm and its Affiliates.* The Firm and its Affiliates from time to time enter into agreements with, and pay compensation to, various organizations and associations, including trade associations, unions, and other industry groups, that provide various services to retirement plan sponsors and/or plan participants. These organizations may sponsor and invite the Firm and/or its Affiliates to participate in educational conferences and seminars for retirement plan participants who, through their retirement plan, have access to the advisory Program offered by the Firm. In some instances, these organizations may endorse and/or promote the Firm and/or its Affiliates' products and/or services, and otherwise provide the Firm and/or its Affiliates with marketing opportunities. Our sponsorship payments to these organizations for marketing and advertising opportunities provide an incentive for the organizations to promote the Firm's and/or the Affiliates' advisory services and products and may result in additional annuity sales to plan participants. Certain of these arrangements may be considered payments for endorsements which will be disclosed in accordance with regulatory requirements.

*Charitable Donations.* VALIC, VFA, its Affiliates and/or its Supervised Persons from time to time make cash or non-cash donations to charitable organizations or societies organized as 501(c)(3) charities, including charitable organizations associated with potential and/or actual clients of VFA and/or VALIC. These charitable donations are provided in support of non-profit causes identified by that organization, and disbursements of such donations are done under the direction of the charitable organization, and not VFA or VALIC. VFA and VALIC have procedures to identify, address and mitigate potential conflicts.

*Referrals to Third Parties.* IARs may refer clients to an accountant, attorney, or other specialists, as necessary for non-advisory related services. Although IARs are not compensated for such non-advisory related referrals through the Firm, IARs may refer clients to businesses providing these services they own or work for outside of their association with the Firm and clients may separately pay for those non-VFA related services. VFA does not endorse or supervise professionals referred to clients in this way.

For certain plan sponsor clients of VALIC, VFA has authorized its representatives to endorse, refer, and market the services of third-party registered investment advisors ("Third-Party Advisors") to the plan sponsors' participants in accordance with Rule 206(4)-1 under the Advisers Act, as amended. VFA and VFA's representatives receive referral fees from the Third-Party Advisors based on these endorsements and marketing activities. The compensation is paid as an ongoing cash payment calculated as a percentage of the advisory fees charged by the Third-Party Advisors for the participants' enrollment in the advisory program offered by the Third-Party Advisors. Because VFA is engaged by and paid by these Third-Party Advisors for the referrals, any referrals regarding such Third-Party Advisors presents a conflict of interest. VFA provides a written disclosure to the referral clients regarding the role of VFA and its representatives as a referral agent, the conflict of interest, which includes the compensation to VFA, and other terms of the relationship between VFA and the Third-Party Advisors, which discloses this conflict. VFA reserves the right to enter into similar arrangements with other third-party advisors.

*Custody.* The Firm does not have "custody" of client assets as defined in the Advisers Act Rule 206(4)-2 because it does not deduct advisory fees from clients' accounts. NFS serves as the Custodian and also executes all purchase and sales orders directed to it by the Envestnet and performs the clearance and custody services for your MIP UMA Program account. The Custodian is responsible for deducting the Program Fee and Other Fees and Charges from your account in accordance with your Agreement.

*Voting Client Securities.* Neither VFA nor its IARs will vote, or give any advice about how to vote, proxies for securities in advisory clients' accounts. Clients may contact their IAR with questions about our proxy voting policies.

For the MIP UMA Program, Envestnet or the UMA Model Manager responsible for the management of their respective portfolios are designated to vote proxies on your behalf unless you direct us otherwise in writing. More information about Envestnet's and the UMA Model Managers proxy voting policies and procedures can be found in their respective Part 2A Brochure available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Clients may contact their IAR with questions about our proxy voting policies.

*Financial Information.* The Firm has no financial condition that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy petition.