

## MMLIS Wealth Management Services UMA Select Premier Programs Wrap Fee Brochure

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This wrap fee program brochure ("Brochure") provides information about the qualifications and business practices of MML Investors Services, LLC ("MMLIS" or the "Firm"). If you have any questions about the contents of this Brochure, please contact us at (800) 542-6767 (options 1, 1). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about MMLIS is also available on the SEC's website at <http://adviserinfo.sec.gov>. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 10409.

MML Investors Services, LLC is an SEC registered investment adviser and securities broker-dealer. Please note that registration does not imply a certain level of skill or training.

### ITEM 1. COVER PAGE

### ITEM 2. MATERIAL CHANGES

The following is a summary of certain material changes made to this Brochure since the last annual update of this Brochure on March 31, 2023.

March 18, 2024 Update: The Brochure was updated to reflect that on or around April 27, 2024, the UMA Select Premier Series 7 and UMA Select Premier Series 7/6 Programs will be consolidated into a single UMA Select Premier Program, and for operational purposes, accounts that are invested in a single Sub-Manager Model may be single-sleeve or multi-sleeve accounts. Item 4 was updated to include information about limitations on the availability of certain Investment Options in the Program. Item 4 was also updated to provide information about MMLIS's discretion to purchase a money market security with cash held in Protected Cash for a prolonged period of time, and that clients can request to designate the portions of cash inconsistent with the client's asset allocation as Unsupervised Assets. In addition, Item 4 was updated (i) to reflect that fee forgiveness will not be applied when commingled funds are used to purchase assets for a client's account unless a client can demonstrate that eligible funds were utilized for the purchase, and (ii) to explain that an IA-Rep may charge a fee lower than the negotiated advisory fee on a specific investment. Item 4 was also updated to clarify that client accounts cannot be aggregated to calculate sub-manager or overlay service fees even if the client would qualify for a breakpoint if the client's accounts were aggregated.

Item 9 was updated to clarify that funds of MMLIS affiliates are eligible investments, including for qualified retirement plan accounts and IRAs; but when such funds are included in a qualified retirement plan account or IRA, neither the Execution, Clearing and Custody Fee or the Advisory Fee will be charged on the portion of the account invested in such funds. Item 9 was also revised to provide updated information about MMLIS's Strategic Partner and Conference Partner programs and other similar arrangements. In addition, Item 9 was updated to include information about (i) sales associates called Wealth Specialists and (ii) to reflect a new sales program in which MMLIS sells advisor-level ETF data to ETF providers.

January 9, 2024 Update: Item 4 was updated to provide information about changes in the compensation plan for MMLIS IA-Reps and to describe a new bonus available to MMLIS IA-Reps.

October 26, 2023 Update: Item 4 was updated to provide information about other advisory programs that MMLIS offers with different fee structures. Item 9 was updated to provide information regarding a Stipulation and Consent Order in Lieu of Cease and Desist Proceedings ("Order") MMLIS entered into with the State of Michigan, effective September 26, 2023. The Order stated that the Firm failed to properly submit necessary investment adviser representative registration application materials for an individual investment adviser representative from 2010 to 2023.

June 12, 2023 Update: Item 9 was updated to provide information regarding a Letter of Acceptance, Waiver, & Consent ("AWC") entered into by MMLIS and FINRA effective May 16, 2023. The AWC stated that the Firm failed to timely amend its associated persons' Forms U4 and U5 to report disclosable events, and that the Firm failed to establish, maintain and enforce reasonable supervisory procedures, including written supervisory procedures, to timely and accurately report regulatory events on Forms U4 and U5.

May 29, 2023 Update: Item 4 was updated to reflect the closure to new business and upcoming termination of the UMA Select Premier Series 6 Programs on or around June 30, 2023.

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### **ITEM 4. SERVICES, FEES AND COMPENSATION**

MMLIS is a registered investment adviser and broker-dealer. MMLIS began conducting business in 1981 and has been registered as an investment adviser since 1993. MassMutual Holding LLC is the Firm's principal owner. Massachusetts Mutual Life Insurance Company ("MassMutual") is MassMutual Holding LLC's principal owner.

#### **Overview of the Advisory Services Offered by the Firm**

This Brochure provides you with information about the UMA Select Premier Program (the "UMA Select Premier Program" or "Program") available through the Firm. If you wish to learn about other investment advisory programs and services that the Firm offers, you may contact the Firm or an investment adviser representative of the Firm ("IA-Rep") to receive a similar disclosure brochure for those programs and services. Such brochures are also available on the SEC's website at <http://adviserinfo.sec.gov/>.

Some of these other investment advisory programs have different fee structures and/or lower maximum fees which can result in lower client fees. This creates an incentive for MMLIS and IA-Reps to recommend advisory programs with higher client fees and to recommend that you increase the amount you have invested in such programs. Advisory programs with lower client fees often offer a more limited selection of investment options and asset allocations and can also have different minimum investment requirements. In addition, MMLIS offers certain advisory programs with lower maximum fees and lower client fees that are available only to a limited group of investors who are associated with a specific organization, such as a labor union.

IA-Reps must meet licensing and training requirements, and in some cases, receive approval from their direct supervisors, before they can offer certain advisory programs and services, and certain investment options within an advisory program. Please talk to your IA-Rep about what other advisory programs and services, and what investment options within an advisory program they may offer. IA-Reps have an incentive to recommend those advisory programs and services (and investment options within an advisory program) over the programs, services, and investment options they are not able to offer.

IA-Reps can also conduct seminars on topics related to financial products and services. IA-Reps may charge a fee to attend seminars or offer them free of charge.

### **Overview of the UMA Select Premier Program**

The Program is a unified managed account program under which MMLIS, through its IA-Reps, manage client accounts on a discretionary or non-discretionary basis, depending on which option the client selects. If a client selects the Client Discretion option, the client's IA-Rep will (subject to certain exceptions) need to obtain the client's approval before making adjustments to an account's asset allocation or changing the investment options selected for the account. If a client does not select the Client Discretion option, the client's IA-Rep will be able to make adjustments to an account's asset allocation and change the investment options selected for the account without obtaining the client's prior approval (as long as such changes are consistent with the investment objective selected for the account).

In the Program, a client's investment advisory account ("Account") can be divided into multiple "sleeves" that can be filled with one or more Investment Options (defined below). Beginning April 27, 2024, for ease of operation, a client's Account can be set up as a single-sleeve account, which limits the account to investing in a single Sub-Manager Model (defined below). Each client selects a portfolio ("Portfolio") for their investment advisory account ("Account") designed (or selected) by IA-Reps and risk scored by Envestnet based on instruction from MMLIS. Envestnet creates portfolio guidelines ("Portfolio Guidelines") that set parameters for the investments that can be made in a particular Portfolio, depending on the associated Investment Objective (defined below). MMLIS is the primary adviser for the Program. Envestnet provides the services described herein in the capacity of a sub-adviser. Envestnet also serves as the "Overlay Manager" as described in more detail below.

The following is a list of the types of investments within the Program. As described below, the availability of particular investments, including alternative investments, is limited to certain IA-Reps and clients. Clients should talk with their IA-Rep about these limitations.

Within the Program, subject to concentration limits, portfolios can consist of one or more of the following Investment Options:

- (i) asset allocation models created and maintained by independent third-party money managers (respectively "Model Sub-Managers") consisting of mutual funds and/or exchange-traded funds ("ETFs") (these asset allocation models are referred to herein as "Sub-Manager Models",
- (ii) asset allocation models created and maintained by independent third-party money managers ("SMA Model Sub-Managers") consisting of equity and/or fixed income securities ("SMA Models"),
- (iii) individual funds and securities including, but not limited to, mutual funds, ETFs, Exchange listed stocks, Closed End Funds (secondary market), American Depository Receipts (ADRs), NASDAQ Listed Securities, U.S. Government Bonds, Mortgage-Backed Bonds, Corporate Bonds, Municipal Bonds or unit investment trusts (UITs),
- (iv) alternative funds, including, but not limited to Interval and tender funds, private placements, structured notes, and certain real estate funds (collectively "alternative investments") and/or,
- (v) MMLIS Models and MMLIS Strategist Models (as defined below).

MMLIS Models are asset allocation models created and maintained by MMLIS home office investment personnel (the "MMLIS Wealth Management Investment Team" or "MMLIS WMIT") consisting of mutual funds and/or ETFs. The investment professionals of the MMLIS WMIT are not generally client-facing, nor do they provide personalized investment advice to any client or Account in connection with managing MMLIS Models offered in the UMA Select Premier Program. MMLIS Strategist Models are asset allocation models created and maintained by MMLIS IA-Reps that have been approved by MMLIS to provide sub-manager services. These MMLIS IA-Reps are referred to herein as MMLIS Strategists.

Model Sub-Managers and SMA Sub-Managers are referred to herein as Sub-Managers collectively. If a client selects Envestnet, WMLIS WMIT or a MMLIS Strategist, as a Model Sub-Manager or an SMA Sub-Manager, these terms shall also refer to these parties in that capacity unless specifically stated otherwise. Please see Item 9 of this Brochure for more information about these Sub-Managers, including any associated conflicts.

### *Investment Option Limitations*

ETFs and securities - (outside of Sub-Manager Models and SMA Models) are only available for accounts serviced by an IA-Rep with a Series 7. This limitation does not apply to mutual funds which are available for all accounts. Individual securities, other than mutual funds and ETFs, are only available for accounts serviced by an IA-Rep who has received prior approval to offer such securities in an advisory program. This limitation does not apply to securities within an SMA Model.

Alternative Investments - Only clients that meet certain criteria (such as minimum net worth) will be eligible to invest in alternative investments. This limitation does not apply to interval funds. IA-Reps are required to undergo additional training prior to selling alternative investments. Other than structured notes, neither MMLIS nor the IA-Rep has discretion to buy or sell alternative investments in client's account even if the client has opted for the account to be managed by the IA-Rep on a discretionary basis.

MMLIS Models and MMLIS Strategist Models – These models are only available in qualified retirement plan accounts or individual retirement accounts if the client has chosen the Client Discretion Option.

Single-Sleeve Accounts - Before investments other than a single Sub-Manager Model can be selected for accounts that are set up as single-sleeve accounts, IA-Reps will need to make some administrative changes to the account to create an adviser model for the account. This could discourage IA-Reps from recommending and/or selecting other Investment Options for these accounts. For accounts opened after April 27, 2024, single-sleeve accounts will be identified with an "SS" on the SIS. For accounts opened prior to April 27, 2024, clients will be informed if their account is a single-sleeve Account.

You should discuss with your IA-Rep whether any of these limitations apply to your Account. IA-Reps have an incentive to recommend the investment options they are permitted to offer.

Until April 26, 2024, the UMA Select Premier Program is divided into programs with different investment options. The UMA Select Premier Series 7/6 Program accounts can be invested in Sub-Manager Models consisting of mutual funds and/or ETFs, SMA Models, and/or mutual funds. The UMA Select Premier Series 7 Program accounts can be invested in Sub-Manager Models consisting of mutual funds and/or ETFs, SMA Models, mutual funds, and ETFs. Other securities and alternative investments are available to certain IA-Reps and clients in the UMA Select Premier Series 7 Program.

In the MMLIS Wealth Management Terms and Conditions ("Program Agreement"), you authorize each Sub-Manager that provides a Sub-Manager Model or SMA Model for your account to exercise discretion by selecting the securities to be held by a Model, delivering such Model to the Overlay Manager to implement, and managing the Model on an ongoing basis by directing the Overlay Manager to buy or sell securities for the Model. The Sub-Manager will have this authority even if a client selects the Client Discretion option.

The Program may be appropriate for those clients seeking ongoing investment advice. This Program is not appropriate for clients who prefer to manage their investment portfolio on their own, without the assistance of a financial professional, or who are not looking for ongoing investment advice. Clients should understand that where MMLIS expressly agrees to act as an adviser, as it does under the Program, the IA-Rep's primary role is to provide advice. Where MMLIS acts solely as a broker, its primary role is to execute trades based on client instruction. MMLIS's obligations are different when it acts as adviser and when it acts as broker. Clients should refer to the Firm's Form CRS for additional information regarding the differences between advisory and brokerage relationships and discuss further with their IA-Rep, as appropriate. Clients should understand that, over time, advisory accounts are typically more expensive than brokerage accounts due to the ongoing advisory fee and additional services provided (such as account monitoring and investment advice).

Clients have the opportunity to impose reasonable investment restrictions on the investment of their assets under the Program by requesting them through the Statement of Investment Selection ("SIS"). See Item 7 below for additional information about investment restrictions.

In limited circumstances, the Firm will treat certain assets in client's Account as "Unsupervised Assets." Unsupervised Assets are excluded from the Account's asset allocation and the calculation of client's advisory fees, and are not monitored for purposes of the Portfolio Guidelines or asset allocation and concentration

parameters. Unsupervised Assets are excluded from Program account minimums. Unsupervised Assets can be assets that are ineligible for the Program that the Firm is permitting a client to hold in client's Account. Even if a client has selected the Client Discretion option, MMLIS has discretion to designate any securities in client's Account that are ineligible for the Program (or cause client's Account to be out of compliance with the Portfolio Guidelines or asset allocation and concentration parameters that apply to the Account) as Unsupervised Assets.

Once a security has been designated as an Unsupervised Asset, all of client's holdings in that particular security or cash investment style position will be designated as an Unsupervised Asset. Because Unsupervised Assets are not included in the calculation of advisory fees, the Firm and IA-Reps have an incentive to recommend to clients that they (and for IA-Reps to use their discretion to) sell Unsupervised Assets and invest the assets in securities that are included in the calculation of advisory fees. Assets that qualify for Fee Forgiveness (as defined below) may not be designated as Unsupervised Assets.

#### *Additional Information Regarding MMLIS WMIT and MMLIS Strategists*

If a MMLIS WMIT or MMLIS Strategist Model is selected for client's Account, a portion of the Client Fee ("Sub-Manager Fee" described further below under Item 4) is paid to MMLIS (including MMLIS Strategists, if applicable) for investment management services. MMLIS therefore receives a higher portion of the Client Fee if Client selects a MMLIS WMIT or MMLIS Strategist Model than if client selects third-party Models available in the Program or in other MMLIS advisory programs. This represents a conflict of interest and incentive to recommend Models managed by MMLIS WMIT and MMLIS Strategists over Models managed by third-party sub-managers, or other MMLIS advisory programs or models where MMLIS does not receive a portion of the Sub-Manager Fee. The Firm addresses this conflict of interest through its compensation structure, as MMLIS IA-Reps recommending Models in the Program do not receive any more or less compensation for recommending a MMLIS WMIT or MMLIS Strategist Model for Client's Account over third-party sub-managers or unaffiliated money managers available in other MMLIS advisory programs.

#### **Account Opening Process**

If a client wishes to participate in the Program, the IA-Rep will help determine whether the Program is appropriate for the client. The IA-Rep will provide the client account opening documents, disclosures and other documents necessary for the client to make an informed decision about participation in the Program. If the client determines that the Program is appropriate given the client's needs, the IA-Rep will record information about the client's present investment objectives, risk tolerance and time horizon on an Investment Questionnaire ("Questionnaire") which will determine a risk profile scoring (an "Investment Objective") for client's Account, and generate an Investment Strategy Proposal ("ISP") and a Statement of Investment Selection ("SIS"). As described in more detail below, the ISP and SIS recommend an asset allocation investment Portfolio and corresponding Investment Options for client's Account based on the client's Investment Objective.

The IA-Rep will review the information in the ISP and the SIS with the client. The client is ultimately responsible for determining whether to participate in the Program, and whether to accept or reject the recommended Portfolio and Investment Options. Client must approve an ISP and SIS prior to implementation. By signing the SIS, the client is also agreeing to the MMLIS Wealth Management Services Terms and Conditions ("Program Agreement"), a separate agreement that governs the relationship between the client and MMLIS and sets forth the parties' responsibilities and obligations with respect to the client's Account.

The IA-Rep also assists the client in completing any other documents required to open an account with the Firm, including any documents related to the brokerage services provided by MMLIS in connection with a client's participation in a Program ("Brokerage Agreement"), accepts any inquiry from the client about the Program, coordinates the provision of responses to the client, and provides all Account opening documents, disclosures and other necessary documents.

In addition to this Brochure, you will receive from your IA-Rep Envestnet's Form ADV Disclosure Brochure ("Envestnet Brochure"). You should carefully review this Brochure, the Envestnet Brochure, and a Form ADV Disclosure Brochure for each selected Sub-Manager, since they outline important information about the Firm's, Envestnet's and the asset manager's roles and responsibilities. You should also review the informational guide that you will receive from your IA-Rep entitled "Additional information about MML Investors Services Wealth Management Offerings" ("Informational Guide"). The Informational Guide contains important information and disclosures about the Firm. Your IA-Rep will also provide you with the IA-Rep's Form ADV2B Brochure Supplement



and that of any individuals from MMLIS WMIT or MMLIS Strategist if their offerings are included in your Portfolio, which you should also review.

#### Information about ESG

Your IA-Rep may consider ESG-related information (information that relates to environmental, social and governance practices, rankings and/or scores) when recommending investments for your account.

The consideration of ESG-related information in the construction of your portfolio is not a guarantee that your ESG-related goals or the ESG-related goals of the underlying investments in your portfolio will be met. Neither MMLIS nor your IA-Rep will manage or monitor your account on an ongoing basis from an ESG-related perspective. While certain holdings in the portfolio may seek ESG-specific outcomes, there is no guarantee such results will be achieved by the issuer or manager of the security. The investment objective identified for your account is the primary guiding factor for how your account will be managed. In addition, where your portfolio (or a portion of your portfolio) is invested in a fund, model, or separately managed account with an explicit ESG-related objective, the manager of the fund, model or separately managed account (not MMLIS) is responsible for managing your account (or portion of your account) according to the ESG-related objective.

You should be aware that screening and selecting strategies and 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 a portfolio that was constructed with the consideration of ESG-related goals may generate lower financial returns than a portfolio that was not constructed with the consideration of ESG factors. For example, funds that incorporate ESG factors into the investment process may limit their exposure to certain types of investments. As a result, an investment in an ESG-focused fund may be less diversified relative to funds with similar strategies that do not have an ESG focus.

Any ESG-related information that may be considered by MMLIS and your IA-Rep when recommending investments is either provided by a third party or based on third-party research. ESG data is qualitative and subjective by nature, may evolve over time, may be based on data that is difficult to obtain, incomplete, out of date, or otherwise materially inaccurate, and may not reflect the beliefs of some investors. It's important to understand providers of ESG ratings will have differing recommendations, opinions, methodologies, scope and coverage. Neither MMLIS nor your IA-Rep has verified any ESG-related information provided by third parties.

#### Portfolio Construction and Monitoring

IA-Reps select, create and/or maintain the Portfolios available under the Program. IA-Reps can make a Portfolio available to multiple clients or create customized Portfolios for specific clients.

MMLIS utilizes portfolio guidelines ("Portfolio Guidelines") that set the risk parameters for the investments that can be made in a particular Account, depending on the associated Investment Objective. There are five different Investment Objective classifications and a client's Account will be assigned one of the five classifications based on client's risk tolerance, time horizon and investment objectives. Each Investment Objective category has a different maximum equity allocation limit and no minimum equity allocation requirement. Each Account's assigned Investment Objective will determine the maximum equity allocation for the Account. The equity exposure of a client's Account can decrease significantly and still be consistent with the risk tolerance assigned to that Account. The amount of equity in Client's Account can exceed the target maximum equity for the Investment Objective assigned to the Account so long as the Account does not exceed a maximum equity percentage. If Client's Account is identified as exceeding the pre-established equity threshold, MMLIS will evaluate Client's Account on an individual basis to determine if action is required.

MMLIS, in its discretion, may modify the assumptions underlying its risk methodologies which could result in changes to the risk scores associated with particular Investment Options. In such an instance, an Account's Portfolio may fall outside of the Investment Objective assigned to client's Account. Any modification to risk scoring classification may trigger the need to make modifications to the investments in client's Account, the asset allocation of the Account, or to the Investment Objective assigned to client's Account. Modifications to the investments in a client's Account may result in tax implications.

In addition to the Portfolio Guidelines, MMLIS establishes and maintains asset allocation and concentration parameters that are applicable to the Investment Objective selected by the Client. MMLIS reserves the right to

instruct Envestnet to modify a client's asset allocation and/or investments in order to comply with such parameters.

Each client's Account will have a portion of the assets maintained in cash in order to, among other things, pay the client's fees. As described herein, MMLIS provides "cash sweep" programs where uninvested cash balances (such as from securities transactions, dividends, interest payments, or deposits) in a client's Account are deposited into a selected investment option each business day. The Firm, in its capacity as broker-dealer, selects the sweep investment option for client's Account. Please see "Additional Information" below for additional information about the MMLIS Sweep Program.

Envestnet monitors and designates a risk score for each Investment Option. Please refer to Item 6 for additional information on how Investment Options are selected for inclusion in the Programs.

In its role as Sub-Manager, Envestnet may (similar to other Sub-Managers), in its discretion, remove a mutual fund, ETF or other investments underlying a model, from a Model or SMA Model that it manages, if such asset fails to meet its screening and monitoring criteria and replace it with another investment, as applicable. Envestnet (and other Sub-Managers) have this authority even if the client has selected the Client Discretion option. Please refer to Item 6 and the Envestnet Brochure for additional information. Please also refer to Item 9 for additional disclosure regarding the conflicts of interest associated with Envestnet serving as a Sub-Manager within the Program.

### **Other Services**

#### *Envestnet Services:*

Envestnet conducts due diligence and ongoing monitoring of certain of the eligible Investment Options for use in the Program, as discussed further in Item 6. In many instances, Envestnet will provide MMLIS with research or performance information relating to a particular Investment Option. MMLIS reviews the research and performance information for investment monitoring and ongoing due diligence purposes only. For historic information on performance other than for Envestnet's proprietary Investment Options, MMLIS WMIT Models and MMLIS Strategist Models, Envestnet receives performance data from third-party Sub-Managers and/or other sources, such as reporting service providers, but does not independently verify such performance information.

In addition, Envestnet is responsible for creating and maintaining the system that generates, among other things, the ISP and SIS used by the Firm and IA-Reps to advise clients and provides MMLIS with tools to monitor asset allocation and concentration parameter compliance.

Envestnet is also responsible for performing administrative and/or trading duties at the direction of the third-party Sub-Managers via a licensing agreement between Envestnet and each Sub-Manager (and a licensing agreement between Envestnet and MMLIS for MMLIS WMIT and MMLIS Strategists). Please refer to the Envestnet Brochure for additional information.

### **Envestnet Tax and Values Overlay Services**

In the UMA Select Premier Program, clients may elect tax overlay services and/or values overlay services, which are provided by Envestnet. In providing these services, Envestnet provides discretionary investment advice as described below. The tax overlay services are only available to accounts invested in equity SMA Models (an SMA Model that is primarily invested in equities) or in a Sub-Manager Model and meet other criteria set by Envestnet. The values overlay services are only available to accounts with at least 50% of assets allocated to one or more equity SMA Models and meet other criteria set by Envestnet. You should consult with your IA-Rep for additional information.

#### **Envestnet Tax Overlay Services**

The tax overlay services offer clients a solution to (i) help limit long and short-term gains, and/or (ii) attempt to limit their potential tax liabilities. They also offer more customizable solutions for clients who are seeking to attempt to control the realization of large unrealized gains that are embedded in their portfolios.

If tax overlay services are selected by a client, Envestnet will provide discretionary investment advice by evaluating the tax impact of any trades recommended by an equity SMA Sub-Manager or Model Sub-Manager. Envestnet may elect to prevent the transaction or make additional changes to the client's portfolio to balance the recommended change. Envestnet seeks to keep the client's portfolio reasonably close to the model portfolio selected by the client.

The tax overlay services are designed for taxable investors who are willing to allow some deviation from their selected portfolios. The use of the tax overlay services may result in recommendations from Envestnet that differ from those made by MMLIS or the IA-Rep and/or may be inconsistent with the client's chosen investment model and strategy. This may cause trading, holdings and/or performance of the client's portfolio to deviate from a portfolio that does not apply tax overlay services. Additionally, the use of these services may cause the client's account risk to differ from the risk profile identified for the client during the proposal process.

The tax overlay services are not suitable for all clients, 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., 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 the client. To the extent such information is inaccurate or incomplete, the tax strategy developed for the client may be adversely affected. The provision of complete and accurate tax information is the sole responsibility of the client. Clients should consult with their tax and legal advisors regarding their specific situation prior to selecting tax overlay services for client's Account. Neither MMLIS nor IA-Reps provide tax or legal advice.

The tax overlay services may be used individually or in combination with values overlay services. If both tax and values overlay services are selected, only one overlay fee will be charged. The Fee Schedule for these services is listed below and is paid to Envestnet. This fee is in addition to the Client Fee (as defined below under "Fees and Charges" of this Item 4).

#### **Envestnet Tax Overlay Services Fee Schedule**

<b>Amount of Assets in Account</b>	<b>Tax Overlay Fee</b>
First \$10 Million	0.08%
Next \$15 Million	0.07%
>\$25 Million	0.05%

#### **Envestnet Values Overlay Service**

The values overlay service allows certain clients to apply customized socially responsible investment restrictions to their investment portfolio to minimize exposure to companies with specific products, services and operations that do not meet the client's values and personal convictions. These restrictions are designed for investors who are willing to allow some deviation from their selected portfolios. The use of the values overlay services may result in recommendations from Envestnet that differ from those made by MMLIS or the IA-Rep and/or may be inconsistent with the client's chosen investment model and strategy. This may cause trading, holdings and/or performance of the client's portfolio to deviate from a portfolio that does not apply values overlay services. Additionally, the use of these services may cause the client's account risk to differ from the risk profile identified for the client during the proposal process.

In providing values overlay services, Envestnet leverages software that applies predefined screens and rules to help keep the client's portfolio reasonably close to the model portfolio selected by the Client.

The Fee Schedule for the values overlay service is listed below and is paid to Envestnet. This fee is in addition to the Client Fee.

#### **Envestnet Values Overlay Services Fee Schedule**

<b>Amount of Assets in Account</b>	<b>Values Overlay Fee</b>
First \$10 Million	0.08%
Next \$15 Million	0.07%
>\$25 Million	0.05%

#### ***NFS Services:***

MMLIS, in its capacity as a registered broker-dealer, also acts as introducing broker for all transactions in Accounts. In order to effectuate trades under a Program, clients must establish a brokerage account through the Firm with National Financial Services LLC ("NFS" or "Custodian"), which will act as clearing firm and custodian for clients' assets under the Programs. Accordingly, it is expected that trading activity in connection with all of the



Programs will be effected through the Firm and cleared by NFS. However, if Envestnet (or a Sub-Manager or MMLIS, where applicable) reasonably believes in good faith, and consistent with applicable fiduciary standards, that another broker or dealer will provide better execution considering all factors including but not limited to net price, a broker other than NFS can be used for execution. In such instances, clients will be subject to fees and charges associated with the transaction that are in addition to the Client Fee. These additional costs are reflected in the net purchase or sale price shown on the trade confirmation clients receive for the particular trade but are not disclosed separately in the trade confirmation.

NFS will act in its capacity as a clearing firm and perform centralized cashiering, bookkeeping, and execution, clearing and settlement functions for all accounts in the Programs. NFS will handle the delivery and receipt of securities purchased or sold in clients' brokerage accounts, receive and distribute dividends and other distributions, and process exchange offers, rights offerings, warrants, tender offers and redemptions. NFS will send client statements of all activity in client's brokerage account on no less than a quarterly basis, and, if requested, written confirmations of trades executed through clients' brokerage accounts. Clients should review such statements carefully. NFS's address is 245 Summer Street; Boston, MA 02210.

### **Advisory Services Under the Programs**

The Firm's advisory services entail assisting the client in reviewing whether the Program and Portfolio selected by the client are suitable to client's financial situation, as provided by the client; and for each investment style, and asset class underlying the client's Portfolio, recommending how to allocate assets among the Investment Options.

On an ongoing basis, unless a client has selected the Client Discretion option, the IA-Rep will be able to make adjustments to an account's asset allocation consistent with the Investment Objective assigned to the account and change the Investment Options without obtaining client's prior approval. Clients should understand that these adjustments can cause the Client Fee to increase or decrease.

MMLIS also has ongoing responsibility to advise clients regarding the appropriateness of the investments selected by the client for the Account in light of the client's objectives, assets, risk tolerance and investment experience as disclosed to MMLIS. Neither MMLIS nor the IA-Rep is responsible for the security selections underlying the Models or the SMA Models. Rather, Envestnet is responsible for investing assets attributable to Models and SMA Models in the securities that correspond to the applicable Model for client's Account. Each Sub-Manager actively manages the applicable Model and instructs Envestnet as to the transactions to be placed in client's Account in accordance with each selected Model or SMA Model.

IA-Reps may initiate tax harvesting transactions in certain client Accounts. Clients should discuss any tax harvesting needs with their IA-Rep and consult with their qualified independent tax advisor. MMLIS does not guarantee that any Client's specific tax objectives will be accomplished.

When providing investment recommendations that are treated as fiduciary investment advice as defined by Department of Labor regulations, MMLIS and our IA-Reps will act as investment advice fiduciaries to you under the Internal Revenue Code, ("Code") and/or the Employee Retirement Income Security Act ("ERISA") for your IRA or retirement plan accounts, subject to Title I of ERISA, as applicable. Our fiduciary status relates only to the specific individual retirement accounts and retirement plan account(s) you have with us. Although we act as fiduciaries under the Code and/or ERISA, this does not necessarily mean that we act as fiduciaries under other laws. This acknowledgement does not create any enforceable legal rights beyond those conferred by the Code or ERISA as applicable. In particular, IRA owners and beneficiaries do not have a legal right of action to enforce the duties associated with our fiduciary status, which are enforceable only by the Internal Revenue Service under an excise tax provision of the Code. Our fiduciary status automatically terminates if your individual retirement account or retirement plan account with MMLIS terminates. We reserve the right to retroactively amend any representations or statements herein regarding our status as fiduciaries to the extent permitted by law.

### **Portfolio Consulting Service**

For certain accounts in the UMA Programs, Clients may engage an investment manager such as MMLIS or a third-party manager (an "Outsourced Consulting Manager" or "OC Manager") and select a model managed by the OC Manager (referred to as "Portfolio Consulting Service"). The Portfolio Consulting Service can include standard or customized portfolios comprised of investment options available in the Programs which will be managed by the OC Manager and tailored to client's investment objectives. Under the Portfolio Consulting Service, Client and IA-

Rep will determine an investment objective which will be communicated to the OC Manager for management of client's account. The standard investment objectives may not be applicable to the Portfolio Consulting Service, and a different investment objective may be agreed to with Client, IA-Rep and OC Manager. The fees for the Portfolio Consulting Service include: (i) an "OC Manager Fee" for the Portfolio Consulting Service which will be included in the Total Client Fee, (ii) an Envestnet Technology Fee (shown below), and (iii), if applicable, a fee for additional services such as overlay or tax sensitive management. The OC Manager Fee and Envestnet Technology Fee, as well as fees for any additional services from the OC Manager, are in addition to the Advisory Fee, Custody Fee, and other fees for portfolio holdings (e.g., fees related to Sub-Manager models or mutual funds). The OC Manager Fee ranges from 0.05% to 0.15%, depending on assets in the account and services selected. For accounts with models managed by an OC Manager, the maximum Advisory Fee is 1.30%.

Please note that MMLIS has an incentive to include MMLIS as an OC Manager that may be selected for Clients' accounts and MMLIS IA-Reps have a conflict of interest and incentive to recommend MMLIS as OC Manager for a Client's account over other OC Managers or other investment options, as MMLIS will receive additional compensation from the OC Manager Fee if MMLIS is selected as OC Manager. MMLIS addresses this conflict by disclosing it to clients and through its compensation structure. IA-Reps do not receive any additional compensation if MMLIS is selected as an OC Manager for a Client's account.

Please also note that when MMLIS or Envestnet is the OC Manager, the Client will not be charged OC Manager fees relating to proprietary or affiliated Sub-Manager models or products.

#### **Envestnet Technology Fee for Portfolio Consulting Service**

<b>Amount of Assets in Account</b>	<b>Fee</b>
First \$10 Million	0.08%
Next \$15 Million	0.07%
>\$25 Million	0.05%

When MMLIS is the OC Manager, the OC Manager may recommend other services or investment options not available in the Programs, such as hedging, options, or SMA strategies, which may be available in other MMLIS advisory programs or offered by MMLIS affiliates.

For a description of the ongoing services that the Firm provides under the Programs, please see Item 9 of this Brochure.

#### **Other Envestnet Services**

Envestnet serves as the Overlay Manager in trading and re-balancing between the multiple Investment Options in the Account. Envestnet has Models that it has developed that are available on the platform and thus, may also serve as a Sub-Manager if client selects such Model.

Unless your IA-Rep selects a different rebalancing frequency, Envestnet reviews Accounts on at least an annual basis to determine if rebalancing should occur. If no trade has taken place in an Account in the last 366 days, Envestnet will initiate a rebalance event. During a rebalance event, additional shares of certain securities may be purchased in the Account and/or shares of other securities may be sold in order to bring the account into closer alignment to the model Portfolio assigned to the account. Depending on the parameters selected by the IA-Rep, it is possible that no trades will occur in an Account during the rebalance event. Redemptions and exchanges resulting from rebalancing a client's Account may have tax consequences. An IA-Rep can elect to not have a client's Account automatically rebalance during a particular year, or turn off the automatic rebalancing feature for a client's Account. If a client has selected the Client Discretion Option, the IA-Rep cannot change an Account's rebalancing frequency without the client's prior approval.

#### **Additional Information**

##### *MMLIS Sweep Program*

MMLIS provides "cash sweep" programs (each a "Sweep Program") where uninvested cash balances (such as from securities transactions, dividends, interest payments, or deposits) in a client's Account are deposited into a selected Sweep Program each business day. In certain circumstances, including periods of volatile or uncertain

market conditions, any such Sweep Program may comprise all or a substantial portion of the Account assets based on, for example, concerns about the market, a decision to pursue a defensive investment strategy, or for cash management purposes. The Firm, in its capacity as broker-dealer, selects the Sweep Program for client's Account. Please review the Program Agreement, as well as other account opening documents or if applicable, communications provided by the Firm, for information about the Sweep Program utilized for your account. The Firm provides two primary Sweep Programs for accounts in the UMA Programs, the Advantage Cash Sweep Program ("ACS") and the Insight Cash Sweep Program ("ICS"). For the UMA Programs, all non-retirement accounts utilize the ACS program and all individual retirement accounts (IRAs) utilize the ICS program. Accounts that are ineligible for the ACS or ICS programs will utilize a money market fund designated by the Firm as the sweep option for Client's Account. Clients utilizing a money market fund sweep option should review the fund prospectus provided for more information.

Please review the Disclosure Documents for the ACS and ICS programs provided to you for more information about how these Sweep Programs work, including limitations, restrictions, how changes are implemented and additional discussion of conflicts. For current interest rates (and fees) for the ACS and ICS programs, please contact your MMLIS IA-Rep or go to the following URL: <https://fieldnet.massmutual.com/public/mmlisi/pdfs/bdsp-elig-reg-types.pdf>. For a copy of the Disclosure Documents for the ACS and ICS programs, please contact your IA-Rep or go to the following URL: <https://www.massmutual.com/investment/mmlinvestors/>.

MMLIS receives important and significant compensation and benefits from client use of the ACS and ICS programs. The compensation we receive from these sweep programs is in addition to the advisory fees that you pay (described further below under Item 5). This means that the Firm earns two layers of fees on the same cash balances in your Account with MMLIS.

The ACS and ICS programs are multi-bank programs under which client funds not otherwise invested (e.g., cash balances) are swept into deposit accounts held at one or more participating FDIC-insured banks (and in some cases, into shares of a money market fund). Clients earn interest on such deposits (and dividends on investments in a money market fund, where applicable). The ACS and ICS programs are made available and administered by NFS and a designated administrator ("Administrator"), which both also earn fees in connection with record keeping and other services provided for the ACS and ICS programs. Fees for the ACS and ICS programs will typically exceed the interest paid on client deposits. If NFS did not earn fees in connection with the ACS and ICS programs, NFS would likely charge MMLIS higher fees for providing their clearing services.

Under the ACS and ICS programs, NFS or the Administrator generally contracts with participating banks to make specific amounts of deposit capacities available at certain all-in funding rates, which are typically tied or related to the Federal Funds Rate (or a similar type of metric, composite, index, etc.). Client interest as well as ACS and ICS program fees (i.e., the compensation received by MMLIS, NFS and the Administrator) are paid from the bank's all-in funding rates. All-in funding rates (generally a percentage applied to average daily program deposits at the bank), may be fixed, variable, subject to capacity and other requirements or a combination thereof. Capacity levels may be subject to minimums and maximums. Contract terms with each participating bank are unique and are expected to change over time. Accordingly, at any given time, participating banks will generally be paying different all-in funding rates notwithstanding interest earned by clients on their sweep deposits will not vary regardless of where their funds are actually swept. Moreover, changes in the Federal Funds Rate (or other applicable factor) will not immediately affect all-in funding rates paid or interest rates offered under the ACS and ICS programs.

The Firm sets its compensation based on grids and formulas provided by NFS and/or the Administrator, but MMLIS is solely responsible for establishing its compensation levels under ACS and ICS programs. Thus, the higher the compensation received by MMLIS, NFS and the Administrator, the less available to pay client interest. The Firm will set its compensation levels for the ACS and ICS programs based on prevailing economic and business conditions, which are subject to change at any time. It is expected that the vast majority of the all-in funding rates paid by the banks will be paid to MMLIS, NFS and the Administrator. The Firm expects its compensation for the ACS and ICS programs will generally range from 60-85% of the Targeted Federal Funds rate on ACS and ICS program deposits, and vary by the amount of uninvested funds or cash included in the ACS and ICS programs. Accordingly, the interest rate clients receive on ACS and ICS program deposits will be lower than the all-in funding rates paid by the banks under these programs and will likely be lower than the rate of return on (i) other investment vehicles that are not FDIC-insured, such as money market mutual funds and (ii) bank deposits offered outside of the ACS

and ICS programs. MMLIS may change its compensation levels for the ACS and ICS programs and any such reductions or increases may vary between clients.

The more client deposits held in ACS program and the longer such deposits are held, the greater the compensation MMLIS, NFS and the Administrator receive. Different banks participating in the ACS program pay different all-in funding rates (and are subject to different contractual requirements), creating an incentive for the Administrator to direct ACS program deposits to banks (through how the ACS program bank priority list(s) are designed or changed from time to time) that result in the Firm receiving greater compensation. Both MMLIS and NFS receive more compensation with respect to amounts in the ACS and ICS programs than with respect to other sweep products. The fees MMLIS receives in connection with ACS and ICS programs create a conflict of interest and incentive for the Firm to offer and designate these programs as the cash sweep option for client accounts. In addition, the fees MMLIS receives in connection with the ACS and ICS program creates a conflict of interest and incentive for the Firm and your IA-Rep to recommend you maintain or maintain (if your IA-Rep has discretion), and/or increase cash balances in your Account, as cash balances in your Account increase compensation to MMLIS under the ACS and ICS programs. Please note your IA-Rep has an indirect conflict of interest due to their affiliation with MMLIS; the Firm does not share any compensation it receives from the ACS or ICS programs with your IA-Rep. The ACS and ICS programs are the only sweep options available for accounts in the UMA programs, unless such accounts are ineligible for the ACS or ICS programs.

Banks in the ACS and ICS programs do not have a duty to provide MMLIS clients with the highest interest rates available and will instead seek to pay a lower rate, and a rate that is lower than other options available in the market, including money market mutual funds. Banks have the financial incentive to pay all-in funding rates as low as the market will permit. There is no necessary linkage between bank rates of interest and the highest rates available in the market, including any money market mutual fund rates. By comparison, a money market fund generally seeks to achieve the highest rate of return (less fees and expenses) consistent with the fund's investment objective, which can be found in the fund's prospectus.

NFS also receives an economic benefit for shares held in the "Money Market Mutual Fund Overflow" as further described in the ACS and ICS Disclosure Documents. The fee paid to NFS is for record keeping and other services with respect to amounts invested in the program. MMLIS may receive indirect benefit from investment in the Money Market Mutual Fund Overflow in the form of better contractual terms with NFS or increases to revenue sharing, credits or other payments from NFS described in this brochure.

Given the conflicts discussed above, each client should consider the importance of ACS and ICS programs to MMLIS when evaluating our total fees and compensation, and deciding whether to open an account with MMLIS and/or the UMA Programs. MMLIS mitigates these conflicts by disclosing them to you, such as in this brochure, and by not sharing the revenue generated from these sweep programs with MMLIS IA-Reps. For more information about this service and benefits that the Firm receives in connection with such deposits, please refer to the ACS and ICS Disclosure Documents, which you can request from your IA-Rep.

In low interest rate environments, ACS and ICS program fees can exceed the interest paid on client deposits in these programs. Please review the Disclosure Documents for the ACS and ICS programs regarding low interest rate environment scenarios.

#### *Legacy Bank Sweep Program*

For certain non-retirement accounts opened between February 1, 2023 and April 30, 2023, clients may have selected the Firm's legacy bank deposit sweep program ("Legacy BDSP") as the cash sweep option for client's account. MMLIS earns fees from NFS on funds invested in the Legacy BDSP. MMLIS receives a higher amount in fees than client on funds invested in the bank sweep arrangement. In addition, as interest rates rise, the payment to the Firm receives from NFS increases. As a result, MMLIS has an incentive for clients to select the bank sweep arrangement Legacy BDSP as a cash sweep option. MMLIS mitigates this conflict by disclosing it in this brochure and by not sharing any fees received from the Legacy BDSP with its IA-Reps. In addition, IA-Reps do not receive any more or less compensation based on what cash sweep option is selected by a client. Clients should review the Legacy BDSP Disclosure Document for more information regarding the Legacy BDSP.

NFS and the financial institutions that participate in the Legacy BDSP also earn fees in connection with the offering and/or administering the arrangement. MMLIS is not affiliated with NFS or any of the banks participating in the Legacy BDSP. MMLIS and its affiliates may offer and provide products and services to NFS, such participating

banks and each of their employees, officers, directors, agents and independent contractors in MMLIS's normal course of business.

### *Mutual Funds*

Clients should understand that mutual funds generally offer multiple share classes depending on certain eligibility and purchase requirements. For instance, in addition to the more commonly offered retail share classes (typically, Class A, B and C shares), mutual funds may also offer institutional share classes and other share classes that are specifically designed for accounts that participate in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in an investment advisory program usually have a lower expense ratio than other share classes. Clients should not assume that they will be invested in the share class with the lowest possible expense ratio or that a particular mutual fund company will allow all share classes to be available to MMLIS for the Program. In addition, only the mutual fund share classes that are available on NFS' platform are available in the Program. MMLIS will from time-to-time request that NFS add certain lower cost mutual fund share classes to its platform, as they are made available by particular mutual funds, if not already available on the platform.

While MMLIS generally seeks to obtain the lowest cost share class available, clients may not, at all times, hold the lowest cost share class available. For third-party Models and SMA Models, the mutual funds and mutual fund share classes are selected by the applicable third-party Sub-Manager. Outside of a third-party Model or SMA Model, as a general matter, in the Program, MMLIS only makes one share class of a mutual fund available for purchase at a given time. MMLIS will periodically review the universe of share classes that it offers for purchase outside of a third-party Model or SMA Model in light of share classes that become available to MMLIS. If a more favorable share class for a particular mutual fund becomes available (as determined by MMLIS in its sole discretion), MMLIS will make such share class available within the Program (outside of a third-party Model or SMA Model). MMLIS will then convert any holders of such mutual fund (outside of a third-party Model or SMA Model) to the more favorable share class. MMLIS has discretion to change a client's share classes (outside of a third-party Model or SMA Model) at any time, as it deems appropriate. MMLIS has this authority even if the client has selected the Client Discretion option. There may be transitional periods when a more expensive share class of a particular fund is held within a client's Account (outside of a third-party Model or SMA Model) prior to being converted to a lower cost share class. In addition, if a client would be charged a fee by the mutual fund company to convert to the newly available share class, or under other circumstances as MMLIS may determine, MMLIS may refrain from converting the applicable client's share class.

The Firm earns asset-based distribution or servicing fees (12b-1 fees or otherwise) from certain mutual funds (or their related persons) for providing distribution and/or administrative services to the mutual funds. When these mutual funds are held in a client Account, the 12b-1 fees are paid by the client as a shareholder in the underlying funds. However, the Firm instructs NFS to rebate the 12b-1 fees directly to such client Account.

Clients should contact their IA-Rep for more information about share classes and share class eligibility.

As an accommodation to clients, a client's existing mutual fund positions (excluding B and C share mutual funds) held outside of a Program, may be transferred into and held in client's Account. Such transferred positions will be included in the calculation of Fees applicable to the Account so long as such assets remain in the Account. As with all other types of assets, and as further discussed below, in instances where the Firm receives distribution fees associated with a client Account, the Firm credits client Accounts an amount equal to any such distribution fees the Firm receives on such assets held in the Account in order to offset Client Fees.

Clients should consider all relevant factors before contributing mutual fund shares to a Program, including the fact that clients may have paid a front-end sales charge and any applicable contingent deferred sales charges or redemption fees will remain the client's responsibility and will be in addition to the Client Fee. Clients should also consider that the contributed mutual fund shares may not be the lowest cost share class available. Certain mutual funds may offer only one class of shares, while other mutual funds may offer multiple share classes which are available for investment based upon certain eligibility and/or purchase requirements. Mutual funds often permit the conversion of shares from one class to another, subject to certain conditions as determined by the mutual fund. If clients contribute or hold mutual fund shares that the Firm deems to be ineligible for the Program, such shares will be converted into a class of shares of the same mutual fund the Firm deems to be eligible, and will be subject to the Client Fee; depending on a client's circumstances, the client could be subject to higher expenses overall once the shares convert to a class the Firm deems to be eligible. The Firm may not elect to



convert particular share classes of a mutual fund if, for example, there is no equivalent class eligible for the Program or other circumstances as the Firm may determine. Prior to contributing any mutual fund shares to a client's Account, the client should discuss the impact of a conversion of these shares with an IA-Rep. If the client does not want mutual fund shares converted, the client should not contribute such shares to its Account.

As described below under "Fee Forgiveness," certain clients may be eligible for Fee Forgiveness.

#### *Mutual Funds and Revenue Share from NFS*

NFS charges mutual fund companies a recurring fee to make their mutual funds available to broker-dealers that use NFS as their clearing firm. The amount of the fee varies and depends on whether a mutual fund's share classes are part of NFS' NTF or iNTF programs (no transaction fee) or TF (transaction fee) program, or are not part of the NTF, iNTF or TF programs. Different share classes of the same mutual fund can be available on NFS' platform, and one share class of a mutual fund can be part of a program (the NTF program, for example) while another share class of the same mutual fund is not. MMLIS receives additional compensation when a client's Account is invested in certain mutual funds, as NFS shares with MMLIS a portion of the fee NFS receives ("revenue share payments") for the assets in the Program that are invested in NTF, iNTF and TF mutual fund share classes, with some exceptions (Fidelity funds, for example). MMLIS does not receive revenue share payments for assets invested in qualified retirement plan accounts or IRAs.

NFS generally charges mutual fund companies a higher fee for NTF mutual fund share classes than for other mutual fund share classes. Therefore, MMLIS generally receives a higher revenue share payment from NFS for each investment in an NTF mutual fund share class than for mutual fund share classes that are not included in the NTF program. Certain fund companies with share classes in the NTF program pay a lower fee to NFS than other fund companies with share classes in the NTF program. This means that MMLIS receives a lower revenue share payment for each investment in such companies' mutual fund share classes in the NTF program than other mutual fund share classes in the NTF program.

Mutual fund share classes that are part of NFS' NTF program are generally more expensive for clients. In addition, clients are not charged transaction fees for transactions in any mutual funds in the Programs regardless of whether the share classes are in NFS' NTF, iNTF or TF program. As a result, clients do not receive any benefit from holding NTF share classes in their account.

The revenue sharing arrangements between NFS and MMLIS create a conflict of interest for MMLIS, the MMLIS WMIT and MMLIS Strategists. Specifically, MMLIS, the MMLIS WMIT and MMLIS Strategists have an incentive to make available, select and recommend the mutual funds and mutual fund share classes for which NFS pays revenue share to MMLIS over the mutual funds and mutual fund share classes for which NFS does not pay revenue share to MMLIS, even if these mutual fund share classes are more expensive for clients. MMLIS, the MMLIS WMIT and MMLIS Strategists have a similar incentive to make available, select and recommend the mutual funds and mutual fund share classes for which NFS pays a higher revenue share payment over other mutual funds and mutual fund share classes even if the investments for which NFS pays a higher revenue share payment are more expensive for clients. This may result in clients purchasing a higher cost share class than other share classes of the same fund for which the client may be eligible. MMLIS will not credit a client's Account for any revenue share payments MMLIS receives in connection with client's Account.

These conflicts are mitigated in several ways. The MMLIS WMIT, IA-Reps, including IA-Reps comprising MMLIS Strategist teams, do not receive any of the revenue share payments that NFS pays to MMLIS, and the MMLIS WMIT, MMLIS Strategists and IA-Reps do not receive any more or less compensation based on what mutual funds or mutual fund share classes they select for their Models or recommend to clients.

Additionally, MMLIS makes only one share class of a mutual fund available for purchase as an investment option in the Program outside of a third-party Model or SMA Model and MMLIS endeavors for the available share class to be the least expensive share class of a mutual fund available for advisory programs through NFS, such as the "Institutional," "Advisory," or "Clean" share class of a mutual fund. If a more favorable share class for a particular mutual fund becomes available (as determined by MMLIS in its sole discretion), MMLIS will seek to make such share class available within the Program outside of third-party Models and SMA Models and, as previously discussed in more detail, will convert any holders of such mutual fund outside of third-party Models and SMA Models to the more favorable share class. However, clients should be aware that MMLIS will not be able to make such share classes available within the Program, or convert Accounts to a more favorable share class,

immediately or within any specified time period. Furthermore, the mutual funds and mutual fund share classes that are included in the third-party Models and SMA Models are selected by third-party Sub-Managers, not MMLIS or the IA-Reps.

#### *MMLIS Fee to NFS*

MMLIS pays a recurring fee to NFS based on a percentage of the aggregate assets invested in accounts in the Program, excluding any investments in NTF and iNTF mutual fund share classes, Fidelity funds, cash and cash equivalents. This creates conflicts of interest for MMLIS. MMLIS, MMLIS WMIT and MMLIS Strategists have an incentive to make available, select and recommend mutual fund share classes that are excluded from the calculation of the fee MMLIS pays to NFS, even if such investments are more expensive for clients. MMLIS, MMLIS WMIT and MMLIS Strategists also have an incentive to maintain client assets in the Program in cash or cash equivalents.

When assets in MMLIS accounts that are custodied at NFS reach certain thresholds, the percentage used to calculate MMLIS's fee to NFS decreases. This creates an incentive for MMLIS to recommend advisory programs custodied with NFS (including the Program) over other advisory programs and to recommend that you increase the amount you have invested in such programs.

When the assets in a client's Account are less than a minimum amount established by NFS, NFS charges MMLIS an additional fee for such Account. This creates an incentive for MMLIS to recommend that such client increase the amount invested in client's Account.

These conflicts are mitigated in several ways. Neither IA-Reps (including IA-Reps comprising MMLIS Strategist teams) or the MMLIS WMIT receive any benefit if MMLIS pays lower fees to NFS and neither IA-Reps (including IA-Reps comprising MMLIS Strategist teams) or the MMLIS WMIT receive any more or less compensation based on what investments, including mutual funds or mutual fund share classes, are held in client Accounts. In addition, MMLIS makes only one share class of a mutual fund available for purchase as an investment option in the Programs outside of a third-party Model or SMA Model and MMLIS endeavors for the available share class to be the least expensive share class of a mutual fund (available for advisory programs through NFS). If a more favorable share class for a particular mutual fund becomes available (as determined by MMLIS in its sole discretion), MMLIS will seek to make such share class available within the Programs outside of third-party Models and SMA Models and, as previously discussed in more detail, will convert any holders of such mutual fund outside of third-party Models and SMA Models to the more favorable share class. However, clients should be aware that MMLIS will not be able to make such share classes available within the Programs, or convert Accounts to a more favorable share class, immediately or within any specified time period. Furthermore, the mutual funds and mutual fund share classes that are included in the third-party Models and SMA Models are selected by third-party Sub-Managers, not MMLIS or the IA-Reps. MMLIS has also established parameters regarding the amount of cash that can be allocated in client Accounts in the Programs and monitors for adherence to these parameters.

#### **Fee Forgiveness**

When a client contributes assets to its Account from a previously established MMLIS brokerage account or contributes mutual funds for which MMLIS is the broker-dealer of record (either from the redemption of such assets and mutual funds or the assets and mutual funds themselves) such clients may be eligible for "Fee Forgiveness." The Advisory Fee may be reduced to take into account the cost of certain sales charges previously paid by the client or to be paid upon redemption. Fee Forgiveness is not available for assets for which MMLIS is not the broker-dealer of record. In addition, sales charges previously paid by the client will only be taken into account for Fee Forgiveness to the extent the client paid such sales charges in the previous two years (for A-share mutual funds) or previous 13 months (for C-share mutual funds, stocks, bonds, options and ETFs) and MMLIS was the broker-dealer of record for the mutual funds or applicable brokerage account at the time client paid the sales charges.

Please note that in certain circumstances, proceeds from a client's liquidated assets eligible for Fee Forgiveness can become commingled with other cash owned by the client. When the commingled funds are used to purchase assets contributed to client's Account, MMLIS is under no obligation to apply Fee Forgiveness unless client can demonstrate that the eligible funds were utilized for the purchase. If you believe Fee Forgiveness should apply to a particular account or transaction, please contact your IA-Rep.

If the assets that qualified for Fee Forgiveness leave the Account, the Fee Forgiveness associated with such assets will be discontinued and any remaining fees associated with such assets scheduled to be forgiven will not be forgiven.

Fee Forgiveness is available only while a client's Account is open. If the Account is terminated for any reason, any remaining fees scheduled to be forgiven will not be forgiven.

Additional details regarding Fee Forgiveness can be found in the Program Agreement.

### **Securities Backed Lending Programs**

The Firm contracts with third parties to make securities backed loans (each an "SBL") available to clients. Clients can use one of these third parties (a "Program Lender") or find an alternative SBL provider. In either case, clients apply for an SBL using their Account as collateral and must enter into an SBL agreement directly with the financial institution providing the SBL (the "Loan Provider"). Client should fully understand the following before using assets in an Account as collateral to obtain an SBL:

- Before selecting a Loan Provider, the client should consider the differences between each Loan Provider's product offering (including differences in interest rates) as well as the other options that may be available to meet the client's funding needs. There is an incentive for MMLIS and IA-Reps to recommend that a client obtain an SBL so that the client's assets remain invested in a Program.
- A Program Lender will compensate the Firm. This compensation is calculated as a percentage of the client's outstanding loan balance. The percentage amount will differ depending on the Program Lender, so the Firm's compensation will also vary depending on the Program Lender.
- The Firm can share a percentage of this compensation with its IA-Reps. IA-Reps' compensation will not vary by Program Lender because the Firm will pay them the same percentage of the client's outstanding loan balance regardless of the Program Lender.
- These compensation arrangements create incentives for MMLIS and its IA-Reps, resulting in material conflicts of interest. MMLIS and IA-Reps have an incentive to recommend that clients obtain an SBL from a Program Lender over an alternative SBL provider, maintain loan balances for longer periods of time and increase the draw down amount of a loan. MMLIS also has an incentive to make SBLs from Program Lenders available to clients and to recommend that clients obtain SBLs from Program Lenders that calculate the Firm's compensation based on a percentage of a client's outstanding loan balance that is greater than the percentage used by other Program Lenders.
- The client will not be permitted to withdraw any of the assets in the Account that is used as collateral to secure the SBL.
- The client will pay interest to the Loan Provider directly. These payments are in addition to the Client Fee and other fees charged to the client's Account for services provided under a Program.
- The Loan Provider can demand repayment at any time and may require liquidation of some or all of the collateral in the Account to meet the SBL requirements.
- The Loan Provider can sell (or direct the Firm to sell) a client's securities or other assets without contacting the client. Clients are not entitled to choose which securities or other assets in an Account are liquidated or sold to meet a call. Forced liquidation of assets in an Account can affect a client's long-term investment strategies, result in adverse tax consequences and impact the performance of the Account and the ability of the Advisor to manage the Account, and depending on the magnitude of the impact, the Firm may choose to terminate its relationship with the client.
- Neither the Firm nor the Firm's IA-Reps will act as investment adviser to a client with respect to the liquidation of securities held in an Account to meet an SBL demand or call.
- Purchases of new issues (including initial public offerings, shares in most mutual funds of fund families not previously owned in an Account, and certain ETFs) that have not been held in an Account for at least 30 days (New Issue Positions) are not eligible to be used as collateral. New Issue Positions may not be considered by a Loan Provider in determining the client's compliance with any minimum collateral value requirements. The Firm will not consider the effects of holding New Issue Positions in managing the Account.

## **Cash Management Features**

MMLIS makes available three cash management features for client Accounts: Dollar-Cost Averaging (DCA), Protected Cash and Pending Distribution. If you or your IA-Rep designate cash in your Account to one of these features, such amount will be removed from your Account's asset allocation. Any amounts designated to DCA or Protected Cash will be charged a negotiable annual fee ranging from 0.06% to 0.36%. Any amount designated to Pending Distribution will be charged the Client Fee. DCA is an investment technique in which a fixed dollar amount will be contributed to your Account's asset allocation on a periodic schedule. The Protected Cash feature may be used to remove an amount from your Account's allocation and hold such amount as cash for a certain period of time. The Pending Distribution feature is generally used to set aside cash for expected withdrawals. Any amount in client's Account designated for DCA, Protected Cash, or Pending Distribution will be included in the cash sweep option available within each Program. Any amounts designated as DCA, Protected Cash or Pending Distribution will utilize the designated sweep option for your account; provided, however, that your IA-Rep may select a money market fund to hold DCA funds during the DCA period. Since MMLIS earns revenue on sweep options, MMLIS and your IA-Rep have a conflict of interest to recommend use of the DCA, Protected Cash and Pending Distribution features, and hold DCA funds in cash rather than a money market fund. Please refer to the section titled "MMLIS Sweep Program" for more information regarding conflicts of interest associated with the designated sweep option for your account.

If client assets have been held in Protected Cash for a prolonged period of time (as determined by the Firm), the Firm will have the ability to purchase a money market security with such assets and the money market security will be held as an Unsupervised Asset.

If a client wishes to hold more assets in their Account in cash or cash equivalents than is consistent with the Account's concentration parameters, clients can request for these assets to be designated as Unsupervised Assets.

Since cash and cash equivalents are not included in the calculation of the fee MMLIS pays to NFS, MMLIS and IA-Reps have an incentive to recommend use of the DCA, Protected Cash and Pending Distribution features and to recommend that clients designate (or use their discretion to designate) assets held in cash or cash equivalents as Unsupervised Assets. Please refer to the section above in this Item 4 entitled "MMLIS Fee to NFS" for additional information about this conflict of interest. Please also refer to the section below in this Item 4 entitled "Fees and Charges – Overview" for information about the Execution, Clearing and Custody Fee and conflicts related to the difference between the amount of this fee and the amount of the fee that MMLIS pays to NFS.

## **Fees and Charges**

### **Overview**

Clients will pay an annual fee to MMLIS, the "Client Fee," for the services provided under the Program. The services include the brokerage and advisory services provided by the Firm and the IA-Rep, the technology related services provided by Envestnet, the advisory related services provided by Envestnet, the advisory services provided by any Sub-Managers, the brokerage services involved in purchasing and selling the securities in a client's Account, and the custodial and clearing services provided by NFS. The Client Fee will be paid in advance, on a monthly basis.

The Client Fee includes an Execution, Clearing and Custody Fee of 0.06%, a negotiable Advisory Fee up to a maximum of 1.54%, and any applicable fees to Sub-Managers. The fee rates for the Execution, Clearing and Custody Fee and the Advisory Fee are assessed against all assets that are invested in a client's Account (other than Unsupervised Assets), including any portion of the assets maintained in cash or other short-term investments. NFS charges MMLIS for certain products and services (such as clearing of transactions, centralized cashiering and bookkeeping) that MMLIS is responsible for providing to clients, and MMLIS sets its own price for such services in the form of the Execution, Clearing and Custody Fee. MMLIS will use the Execution, Clearing and Custody Fee to pay NFS for the services NFS provides to client accounts, cover its internal and external costs associated with processing transactions and providing other services and to generate revenue. The amount that NFS charges MMLIS for these products and services is less than the total amount of Execution, Clearing and Custody Fees MMLIS receives from client accounts and MMLIS retains the amount of the Execution, Clearing and Custody Fee that remains after paying NFS. This fee difference is sometimes called a "markup." This practice creates a conflict of interest for MMLIS since it has a financial incentive to recommend its brokerage services through NFS as it earns substantial additional compensation for the services it provides. IA-Reps do not benefit directly from this markup arrangement. In addition, certain fees MMLIS pays to NFS decrease as the total assets custodied with NFS

increase. As a result, we have an incentive to recommend advisory programs custodied with NFS (including the Program) over other advisory programs and to recommend that you increase your investment in your advisory account, as that allows MMLIS to pay NFS lower fees and keep a more substantial markup. Clients should also be aware that the calculation of the Execution, Clearing and Custody fee includes assets, such as NTF and INTF mutual fund share classes, Fidelity funds, cash and cash equivalents, that are excluded from the calculation of certain fees MMLIS pays to NFS.

The Advisory Fee can include breakpoints in one of two ways. Either a lower fee will apply to assets in a client's Account that are above a certain amount (a tiered Advisory Fee), or a lower fee will apply to all of the assets in a client's Account when the amount of assets in the client's Account reaches a certain threshold (a linear Advisory Fee). Information about the Client Fee and the breakpoint schedule for a specific client is provided in the SIS. IA-Reps have an incentive not to include breakpoints in the Advisory Fee as the rate of the Advisory Fee will decrease as the assets in a client's Account increase.

In addition, an IA-Rep may charge a fee lower than the negotiated Advisory Fee for a specific investment held in a Client's Account.

The Advisory Fee is paid to MMLIS. MMLIS will pay a portion of the Advisory Fee to the IA-Rep after application of the compensation schedule and Administrative Assessment described below under "Additional Information about the Advisory Fee."

Assets that have been designated to the DCA or Protected Cash features will have a different fee schedule, as described above in "Cash Management Features."

### **Sub-Manager Fees**

Typically, a Sub-Manager charges an investment management fee for the cost of managing a model within the account. The fee applicable to each Sub-Manager is assessed on the overall percentage of assets managed by the Sub-Manager within the account. A portion of this investment management fee also includes additional compensation retained by Envestnet for providing support to the Sub-Manager and for the trading of Sub-Manager Models.

Sub-Manager Fees	
Type of Fee	Range of Sub-Manager Fees Charged to Client
Portfolio Management of Model	0.02% – 0.55%*
Portfolio Management of SMA Model	0.09% – 0.70%
Envestnet Fee for Providing Tax or Values Overlay Services (if selected)	0.05% - 0.08%

\*Please note that for Accounts with fees negotiated prior to June 1, 2017 certain sub-manager fees were lower than 0.02%.

Please see each applicable Sub-Manager Brochure (and the Envestnet Brochure, if Envestnet is selected as a sub-manager) for additional information about the fees charged by such Sub-Manager, including whether any breakpoints apply. Please also see the Envestnet Brochure for more information about the additional fees collected by Envestnet. If selecting a Model managed by the MMLIS WMIT or a MMLIS Strategist, please refer to the fact sheet or other materials provided by your IA-Rep for applicable fees associated with such Model, including whether any breakpoints apply.

An IA-Rep will have a financial incentive to recommend Sub-Managers with lower fees if the IA-Rep believes a lower sub-manager fee will allow the IA-Rep to negotiate a higher Advisory Fee.

### *Other Information about the Client Fee*

Clients may purchase the same or similar securities without paying the Client Fee or may pay less than the Client Fee if such securities were purchased outside of the Program. Thus, in some cases, it may be more cost efficient for clients to purchase securities outside of the Program. However, clients will not receive the services provided



under the Program if they choose to do so. The Client Fee a client pays may be higher than those charged by the Firm for other advisory programs offered through the Firm, or higher than those charged by other sponsors of comparable programs.

Fees charged for similar services often vary by office and by IA-Rep. Certain IA-Reps provide comparable services for fees that are different from those charged by other IA-Reps, and some IA-Reps charge higher fees than other IA-Reps for similar services.

The Firm reserves the right to reduce the Client Fee for employees, associated persons, agents, or independent contractors of the Firm or its affiliates and their immediate family members or for any other person for any other reason at its discretion.

The Client Fee will be calculated in accordance with the Program Agreement. The Custodian is responsible for deducting the Client Fee from client's Account in accordance with the Program Agreement.

The mutual funds that are Investment Options are "no load" or "load" waived mutual funds, meaning the sales charges associated with mutual funds will not be charged to clients.

Fees associated with the Program are assessed on all assets in the client's account (other than Unsupervised Assets) including any assets maintained in money market funds, cash or cash equivalents.

The Client Fee creates an incentive for MMLIS and IA-Reps to recommend the Program over Third-Party Advisory Programs and other types of accounts or services offered by MMLIS and, because the amount of the Client Fee increases as the amount of assets in the account increases, to recommend larger investments in the Program. This incentive applies to both the initial recommendation to open an account in the Program and recommendations to make subsequent contributions to such account. Third-Party Advisory Programs are advisory programs for which a client enters into an investment advisory agreement with an investment adviser other than MMLIS and a broker-dealer other than MMLIS acts as the introducing broker-dealer.

#### *Breakpoints and Account Aggregation*

When negotiating client account fees, IA-Reps may consider the amount of assets an IA-Rep manages for a client (or group of clients) across one or multiple accounts. An IA-Rep can include breakpoints in the Advisory Fee in one of two ways. Either a lower fee will apply to assets in a client's Account that are above a certain amount (a tiered Advisory Fee), or a lower fee will apply to all of the assets in a client's Account when the amount of assets in the client's Account reaches a certain threshold (a linear Advisory Fee). In connection with negotiating client account fees, an IA-Rep can request that MMLIS systematically group eligible client accounts together for purposes of calculating the Advisory Fee. Systematically aggregating an ineligible account with a retirement account can result in tax penalties for a client. Clients should review their accounts and inform their IA-Reps or MMLIS if a client believes their account is being systematically aggregated with an ineligible account. Clients should consult with their IA-Rep regarding whether their accounts may be aggregated for purposes of calculating the Advisory Fee. IA-Reps have an incentive not to include breakpoints in the Advisory Fee (or to group accounts together for purposes of calculating the Advisory Fee) as the rate of the Advisory Fee will decrease as the assets in a client's Account increase.

Accounts cannot be aggregated for purposes of calculating Sub-Manager Fees or fees for Tax or Values Overlay Services even if a client would qualify for a breakpoint in a Sub-Manager's Fee if client's accounts were aggregated.

IA-Reps have different practices for negotiating client account fees and there is no guarantee that the fee schedule for your account will include breakpoints or that your account will be aggregated with other accounts for the purpose of calculating the Advisory Fee for your account. Moreover, the Advisory Fee negotiated will depend on the facts and circumstances for each client and IA-Rep, and the Advisory Fee will vary among IA-Reps and clients, and certain IA-Reps may charge higher fees than others for similar services.

#### **Additional Client Fees**

Each client Account is subject to an annual fee of \$10, which is charged at the end of June, unless the Account is registered to receive both account statements and confirmations electronically before a set date of each year (currently, June 21, 2024). Accounts opened between April 1 and June 30 will be exempt from this fee until the

following year. Please see Item 9 – “Incentives Relating to Electronic Delivery” for additional information about electronic delivery. Under certain circumstances, your IA-Rep may elect to pay this fee on your behalf.

Each Self-Employed 401(k) Account is subject to an annual fee of \$35, which is charged in November.

Client Accounts are subject to the following brokerage account termination fees (the “Termination Fees”):

- Retirement Accounts - \$125
- All Other Accounts (if transferred to a different firm) - \$50

Termination Fees are deducted from the Account at termination. The Client Fee does not include Termination Fees.

The amount of these fees (other than the annual fee for Self-Employed 401(k) Accounts and the Termination Fee for Retirement Accounts) are higher than the corresponding fee NFS charges MMLIS and therefore MMLIS receives additional revenue from charging these fees.

If NFS charges a recurring annual fee for any Unsupervised Assets in Accounts within the Programs (such as alternative investments), these fees will be paid by the client and are in addition to the Client Fee. Clients will sign a separate agreement with NFS describing these fees if such investments will be included in a client's Account.

### **Additional Information about the Advisory Fee**

As previously described, IA-Reps are compensated with a portion of the Client Fee. The final net compensation received by the IA-Rep is subject to additional adjustments of fees between the IA-Rep and MMLIS. MMLIS utilizes compensation schedules to calculate the overall compensation paid to IA-Reps for their work associated with the Programs and other offerings at MMLIS. The compensation schedule varies monthly based on the IA-Rep's earnings in the previous twelve months. The compensation schedule is also impacted by the amount of certain advisory fees attributable to that IA-Rep or the IA-Rep's team reaching a certain threshold. For this purpose, the relevant advisory fees are those earned on accounts in the advisory programs for which MMLIS serves as the broker-dealer and are custodied with NFS (including the Program) and assets managed by MassMutual Trust Company. This creates an incentive for IA-Reps to charge higher advisory fees and commissions and increase advisory account balances, particularly for the advisory programs for which MMLIS serves as the broker-dealer and that are custodied with NFS (including the Program) and assets managed by MassMutual Trust Company (“Trust Company Accounts”). It also creates an incentive for IA-Reps to favor proprietary advisory programs over other advisory programs. Finally, if an IA-Rep is also a broker-dealer registered representative of MMLIS, this creates an incentive for the IA-Rep to recommend advisory accounts and the advisory programs noted above over brokerage accounts. MMLIS addresses these conflicts of interest by disclosing them to you, and supervising account and program recommendations for compliance with its fiduciary duty to you.

In addition, IA-Reps can earn an Advisor Growth Bonus (“Growth Bonus”). The Growth Bonus will be paid to IA-Reps who grow Net Assets by a certain amount by the end of 2024 within the following “Eligible Products and Services”: (1) advisory programs for which MMLIS serves as the broker-dealer and are custodied with NFS (including the Program), (2) MMLIS fee-based annuities, (3) MMLIS brokerage accounts, and (4) Trust Company Accounts. Net Assets are calculated by subtracting asset withdrawals (including account terminations) from the sum of the amount of assets in new accounts and the amount of new assets in existing accounts. To qualify for the Advisor Growth Bonus, IA-Reps must also maintain a certain amount of assets in Eligible Products and Services.

The Growth Bonus creates an incentive for IA-Reps to recommend Eligible Products and Services (including the Program) over Third-Party Advisory Programs and other similar types of accounts offered by third parties. MMLIS addresses this conflict of interest by disclosing it to you, and supervising account and program recommendations in compliance with its fiduciary duty to you.

MMLIS incurs various administrative costs associated with offering the Programs. MMLIS keeps and utilizes a portion of the Advisory Fee (an “Administrative Assessment”) to pay for such administrative costs. MMLIS utilizes a fee schedule to determine the amount of the Administrative Assessment and the amount of the Advisory Fee that will be paid to the IA-Rep. The Firm has an incentive program where MMLIS will pay an IA-Rep a larger portion of the Advisory Fee and keep less of the Advisory Fee to cover its administrative costs based on total client assets attributable to that IA-Rep or the IA-Rep's team. For these purposes, the total client assets include assets across

the advisory programs for which MMLIS serves as the broker-dealer and are custodied with NFS (including the Programs) and assets managed by MassMutual Trust Company.

The IA-Rep is not entitled to any portion of the Advisory Fee other than that portion determined by MMLIS in its sole discretion after application of the compensation schedule and Administrative Assessment.

These incentive programs create a conflict of interest and incentive for IA-Reps to recommend these proprietary advisory programs (including the Program) to clients over Third-Party Advisory Programs and other types of accounts or services offered by MMLIS. This conflict of interest applies to both the initial recommendation to open an Account in a Program and to make subsequent contributions to such Account. In addition, if an IA-Rep is also a broker-dealer registered representative of MMLIS, this creates an incentive for the IA-Rep to recommend advisory accounts and the programs noted above over brokerage accounts. MMLIS addresses these conflicts of interest by disclosing them to clients, and supervising account and program recommendations for compliance with its fiduciary duty to clients. In addition, these incentive programs do not take into account how the assets in an advisory program are invested. The amount of an IA-Rep's compensation is not based on what mutual funds or mutual fund share classes clients are invested in, or what percentage of a client's account is invested in cash or cash equivalents. In addition, pursuant to this incentive program, certain IA-Reps are paid almost all of the Advisory Fee.

MMLIS does not utilize an Administrative Assessment for the products and services it offers other than for the advisory programs for which MMLIS serves as the broker-dealer and are custodied with NFS. The Administrative Assessment creates an incentive for MMLIS to recommend these advisory programs (including the Program) to clients over third-party advisory programs and other types of accounts or services offered by MMLIS.

#### **Other Fees and Expenses**

The Client Fee does not include certain other fees and charges such as any fees imposed by the SEC, fees resulting from any special requests client may have, fees or commissions for securities transactions (including without limitation dealer mark-ups or mark-downs) that are not executed through MMLIS and cleared by the Custodian, or costs associated with temporary investment of client funds in a money market account. In addition, when applicable, NFS charges additional miscellaneous fees (including, but not limited to, ACAT fees, international trading and custody fees, and IRA maintenance fees).

Fees will not be charged on the basis of a share of capital gains or capital appreciation of a client's funds or any portion of a client's funds. Other costs that are charged to the client, when applicable, and that are not part of the Client Fee include spreads paid to market-makers, exchange fees, and other fees and charges customary to securities brokerage accounts.

The Client Fee also does not include the internal management, operating or distribution fees or expenses imposed or incurred by a mutual fund, ETF or alternative investment held in a client's Account. If a client's assets are invested in any mutual funds, ETFs, pooled investment vehicles, or alternative investments, in addition to the Client Fee, client will incur the internal management and operating fees and expenses, which may include 12b-1 fees, mutual fund management fees, early termination fees (which include fees on whole or partial liquidations of client's assets) and other fees and expenses that may be assessed by the investment vehicle's sponsor, custodian, transfer agent, adviser, shareholder service provider or other service providers. These expenses generally include administration, distribution, transfer agent, custodial, legal, audit and other fees and expenses. Further information regarding charges and fees assessed are discussed in the appropriate prospectus, private placement memorandum, annual report, other disclosure document and/or custodial agreement applicable to the corresponding investment vehicle ("Disclosure Documents"). Clients should review the Disclosure Documents of the mutual funds, ETFs, UITs, and alternative investments held in their Account.

As indicated above, the Firm also serves as the broker-dealer for client Accounts under the Program. The Firm earns asset-based distribution or servicing fees (12b-1 fees or otherwise) from certain mutual funds (or their related persons) for providing distribution and/or administrative services to the mutual funds. When these mutual funds are held in a client Account, the 12b-1 fees are paid by the client as a shareholder in the underlying funds. This compensation to the Firm from such mutual funds is in addition to the advisory and other fees the Firm receives under the Programs. This compensation creates a financial incentive for the Firm to recommend for clients to invest in mutual funds that pay 12b-1 fees. In order to mitigate this conflict, when available, the Firm seeks to offer share classes of mutual funds that do not have 12b-1 fees. In addition, the Firm instructs NFS to rebate the 12b-1

fees directly to such client Account. Furthermore, the mutual funds and mutual fund share classes that are included in the third-party Models and SMA Models are selected by the third-party Sub-Managers, not MMLIS or the IA-Reps. More information regarding these fees and other charges assessed by mutual funds may be found in the applicable mutual fund prospectus.

In order to effectuate trades under the Programs, clients need to establish a brokerage account through the Firm with the Custodian, which will act as clearing firm and custodian for clients' assets under the selected Program. Accordingly, it is expected that Envestnet will place transactions for the purchase and/or sale of securities and other investments for client's Accounts through MMLIS which will be cleared by the Custodian. However, if Envestnet (or a Sub-Manager or MMLIS, where applicable) reasonably believes in good faith, and consistent with applicable fiduciary standards, that another broker or dealer will provide better execution considering all factors including the net price, a broker other than the Custodian can be used for execution. In such instances, the client will be subject to transaction costs and fees that are in addition to the Client Fee. These additional costs are reflected in the net purchase or sale price shown on the trade confirmation clients receive for the particular trade but are not disclosed separately in the trade confirmation. Please see the Envestnet Brochure (or a Sub-Manager Brochure, where applicable) for information on how trades are sent or directed to the Custodian or other broker-dealers. Clients should also review MMLIS's Step-Out Trading Disclosure which includes additional information and a list of the Sub-Managers that engage in step-out trading (available at <https://fieldnet.massmutual.com/public/mmlisi/pdfs/step-out-trade-disclosure.pdf>).

Trustees may also charge retirement accounts subject to Title 1 of ERISA (ERISA Accounts) additional fees.

#### **Payment of Fees and Expenses**

Upon acceptance of the Brokerage Agreement, the Program Agreement and the Account being funded at the "Required Account Opening Amount," which is the greater of (i) an amount at or above the Program minimum, unless waived by the Firm, or (ii) an amount at or near the investment amount identified in the ISP which was agreed upon between the client and the IA-Rep, clients pay an initial Client Fee that is based on the initial market value of the Account. The first payment is prorated to cover the period from the date the Account is opened through the end of the current calendar month. Thereafter, the monthly Client Fee is paid at the beginning of each calendar month for such month. The monthly Client Fee is based on the fair market value of the assets in the Account on the last business day of the preceding calendar month as calculated in accordance with the Program Agreement and as described above.

Please see Item 5 below for information about the Program minimums.

Clients also are subject to a Client Fee for any additional lump sum contribution(s) in a calendar month equal to or greater than \$10,000. Such clients will pay for that portion of the ongoing monthly Client Fee that relates to the number of days remaining in the calendar month on the date of an additional contribution equal to or greater than \$10,000. Payment of the Client Fee will be made in the month following any such contribution and will be based on the amount of the contribution.

Clients may withdraw assets from their Account at any time, subject to the usual and customary settlement procedures, and when any applicable product issuers provide the proceeds from the redemption. All withdrawals are first funded from the amount in the client's cash sweep option. If the amount maintained in the cash sweep option is not enough to meet a withdrawal request, the remaining amount of the withdrawal request will be satisfied by redeeming securities in the client's Account. Withdrawals may have tax consequences such as capital gains taxes, the sale of securities or other assets in or outside of the cash sweep option may trigger taxable event, to which capital gains (or other) taxes apply. Envestnet will rebalance the Account back toward the selected allocation, thus triggering a possible taxable event.

MMLIS will adjust or refund Client Fees paid by client that are attributable to partial withdrawals equal to or greater than \$10,000 that client made during any calendar month. MMLIS will refund such clients for that portion of the ongoing monthly Client Fee that relates to the number of days remaining in the calendar month on the date of a partial withdrawal equal to or greater than \$10,000. Payment of such refund will be made in the month following any such withdrawal and will be based on the amount of the withdrawal.

If an Account is terminated, MMLIS will refund to clients a pro rata portion of any pre-paid, but unearned Client Fee for the current month. The amount refunded to clients will be based on the number of days remaining in the month after the date of termination.

Clients pay the Client Fee and other applicable fees and expenses under the Program by instructing NFS through the Program Agreement to automatically debit the Client Fee, and applicable fees and charges (collectively "Expenses"), from their Account. The amount debited to pay the Expenses under the Program will appear on statements clients receive from NFS. The Expenses are first deducted by NFS from assets a client has in the cash sweep option. Envestnet will automatically rebalance a client's Accounts if payment of the Expenses under the Program causes the client's cash sweep option to fall below the percentage threshold (and if the dollar threshold is met) and/or to cover any Account debit balances. If this occurs, the remaining amount of the Expenses and/or Account debit balances that cannot be covered by assets in the cash sweep option will be paid by redeeming shares of Securities in the client's Account. In such cases, the client may face a taxable event, to which capital gains (or other) taxes may apply. Clients should consult with a qualified independent tax advisor. Envestnet and MMLIS have this authority even if the client has selected the Client Discretion option.

### **Termination**

The Program Agreement will continue in effect until terminated by either the client or the Firm in accordance with the termination provisions of the Program Agreement. Notwithstanding the foregoing, the Firm may retain amounts in a client's Account sufficient to effect any open and unsettled transactions. In this respect, clients 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.

### **ITEM 5. ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

MMLIS generally provides investment advisory services to individuals, high net worth individuals, various types of business organizations, pension and profit-sharing plans, charitable institutions, foundations, endowments, trusts and different types of retirement accounts, including SEP, Simple, and traditional IRAs.

The Firm generally requires a client to enter into a Program Agreement and a Brokerage Agreement and complete an SIS in order to participate in the Program. Some clients (e.g., a trust or a corporate pension plan) may be required to submit additional documentation in order to open an Account. The Brokerage Agreement governs the brokerage services provided by MMLIS in connection with a client's participation in the Program.

Before a client's Account can be invested in an alternative investment, clients will be required to enter into additional agreements with MMLIS and/or NFS.

The minimum initial funding to open an Account in the Program, unless the minimum is waived, is \$5,000. Particular Investment Options may have higher minimum requirements which the Firm cannot waive. As a result, clients may not be able to invest in a particular Investment Option if the amount to be invested in the Investment Option would be less than the Investment Option minimum. Clients should speak to their IA-Reps for a description of the Investment Option investment minimums and with respect to Models and SMA Models, refer to each Sub-Manager Brochure for more information.

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 Required 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 Account Opening Amount. Once the Required Account Opening Amount is reached, client assets will then be invested in accordance with client's selected Portfolio.

If an Account falls below the account minimum requirement at any time and for any reason, the Firm may, in its discretion, close the Account and transfer the assets therein 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 on its brokerage accounts.

Clients may make additional contributions to their Accounts at any time. Clients may fund contributions to a Program with cash or securities. Additional contributions are allocated initially to the cash sweep option and will remain there until a client's Account is rebalanced or the cash allocation in client's Account exceeds certain



parameters. Clients should be aware that it can take at least one business day for new or additional contributions to be available for investment. As a result, executions of trade orders can occur at prices that are significantly different from the market price at the time of a contribution. Please see the Envestnet Brochure for more information.

If a client contributes securities to an Account, the Firm and Envestnet have the right to liquidate those securities holdings in their sole discretion. Clients should be aware that a reasonable amount of time is necessary for the Firm to execute such trades. Clients should consider the cost, if any, of sales charges previously paid or to be paid upon such redemption, which are in addition to the Client Fee paid under the Program. Clients should be aware that such redemptions might have tax consequences that should be discussed with an independent tax advisor before making any redemptions.

If a client owns shares of a security outside of the Program that can be accepted into the Program and wants to transfer such shares into the Program, Envestnet will rebalance the client's Account in accordance with the client's Portfolio Guidelines, if necessary. This means that if all of the shares of the securities cannot be transferred into the Program without causing the client's Account to be out of balance with the selected Investment Objective for client's Account, those shares that would cause the client's 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 the client's Portfolio Guidelines. MMLIS and Envestnet retain the right to liquidate any securities transferred in-kind into your Account. Since transferring shares of a security held outside the Program into the Program may trigger sales of securities in the Account, such transfers may result in a taxable event in which capital gains or other taxes apply. Clients therefore should consult with a tax professional before initiating the transfer. Transferring securities held outside the Program into the 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 client's Portfolio Guidelines.

## **ITEM 6. PORTFOLIO MANAGER SELECTION AND EVALUATION**

### *Selection of Available Investment Options*

MMLIS selects the Investment Options to be available in the Program. In general, for Models (other than the MMLIS WMIT Models and MMLIS Strategist Models) and SMA Models, MMLIS selects the Investment Options from the universe of Investment Options that Envestnet has granted an Approved research status. Having this research status means that the mutual fund, ETF, Model, or SMA Model has met Envestnet's proprietary review criteria. For a discussion of Envestnet's due diligence procedures, please refer to the Envestnet Brochure.

MMLIS selects other Investment Options based on its own due diligence and the research of third parties (including Envestnet). Depending on the Investment Option, MMLIS considers a variety of factors such as management, longevity, performance, compliance, and operations. In addition, MMLIS monitors (using its own research and the research of third parties) the mutual funds and ETFs available in the Program, including as it relates to available share classes. MMLIS engages in similar due diligence and ongoing monitoring for Models, SMA Models, and alternative investments. MMLIS also determines a list of appropriate research sources that MMLIS IA-Reps are required to use for research recommendations when evaluating individual equity securities for purchase.

Notwithstanding MMLIS's and Envestnet's review processes, clients 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 Option selection criteria and screening process are not applied to the cash sweep option. Neither Envestnet's nor MMLIS's Investment Option selection criteria and screening process applies to mutual funds or ETFs included in a third-party Sub-Managers' Models or SMA Models.

### *Model Sub-Managers*

MMLIS selects the Sub-Managers and Models for the Program. MMLIS will monitor the Sub-Managers and Models and at any time at its discretion, remove and replace a Model as an Investment Option and from existing Accounts based on MMLIS's due diligence or other factors such as regulatory considerations. MMLIS will select any

replacement Models. MMLIS may select a Model managed by the MMLIS WMIT or a MMLIS Strategist as a replacement Model. This represents a conflict of interest and incentive for MMLIS because MMLIS will retain an increased portion of the Client Fee if a MMLIS Model or a MMLIS Strategist Model is selected for Client's Account.

Envestnet creates a Manager Profile information sheet on each Model Sub-Manager, which includes information on the Models that each Model Sub-Manager creates and/or manages for the Program. Manager Profiles are available from the IA-Rep.

#### *SMA Sub-Managers*

MMLIS selects the SMA Sub-Managers and SMA Models for the UMA Select Premier Program. MMLIS generally monitors the SMA Sub-Managers and SMA Models and at any time at its discretion, may remove and replace an SMA Model as an Investment Option and from existing Accounts. Envestnet will notify MMLIS when an SMA Sub-Manager fails to meet Envestnet's screening criteria and will recommend appropriate replacement SMA Sub-Managers.

Envestnet creates a Manager Profile information sheet on each SMA Sub-Manager, which includes information on the SMA Models that each SMA Sub-Manager creates and/or manages for the Program. Manager Profiles are available from the IA-Rep.

#### *Mutual Funds and ETFs*

MMLIS selects the mutual funds and ETFs available as Investment Options, as applicable. MMLIS uses a Morningstar-based methodology and/or reports produced by Envestnet in determining which mutual funds and ETFs should be Investment Options. MMLIS will monitor the mutual funds and ETFs and, at any time at its discretion, may direct Envestnet to remove and replace a mutual fund or ETF as an Investment Option and from Client Accounts. MMLIS will select the replacement mutual fund or ETF. For information regarding the mutual funds and ETFs available under the Program, including any associated fees, please read the prospectus of each particular mutual fund and ETF.

#### *Services Provided by IA-Rep*

Client's IA-Rep will assist the client in selecting Investment Options for the client's Account. The IA-Rep may discuss with the client various factors, including but not limited to client preferences, any additional fees and charges, performance history, and any account minimum requirements when making a recommendation. When appropriate, IA-Reps may also assist clients in determining whether existing Investment Options should be replaced. Client's IA-Rep may discuss some or all of the foregoing factors with the client in order to assist the client in making an appropriate decision. Unless a client has selected the Client Discretion option, the IA-Rep will be able to change Investment Options without client's approval and these changes can cause the Client Fee to increase or decrease. The IA-Rep cannot, however, change an Investment Option if such change would be inconsistent with the Investment Objective for client's Account identified in the ISP and SIS. The client must approve any changes to the Investment Objective.

#### *Additional Information*

##### *IA-Rep Prerequisites*

In order to become an IA-Rep of the Firm and provide services to clients under the Program on behalf of the Firm, the IA-Rep must fulfill prerequisites including, but not limited to completing on-line training courses, becoming properly registered, and adhering to the Firm's Code of Ethics, which is described in Item 9 of this Brochure. In addition, each of the Investment Options have different licensing requirements.

Once an IA-Rep has been approved to provide advisory services under the Program, the IA-Rep must annually certify that the IA-Rep continues to comply with the Firm's policies and procedures. If an IA-Rep is unable to continue servicing a client's account for any reason, client's account will be assigned by the Firm to another qualified IA-Rep, who will service client's account on the Firm's behalf. Clients will be informed if their account is assigned to another IA-Rep.

### *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 may include site visits to some of Envestnet's 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.

#### **ITEM 7. CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

As described in Item 4, the information that a client supplies in the Questionnaire, the SIS and any other documentation provided by the client is used by the Firm and its IA-Reps to provide the client with investment advisory services under the Program. The Firm also makes available such information to Envestnet so that Envestnet may fulfill its obligations under the Program as described in Item 4 of this Brochure and in the Envestnet Brochure. A client has the obligation to inform the IA-Rep of any change in their financial and personal circumstances that may have a material impact on the management of their Account. Any updated information that they provide may also be shared with Envestnet and any applicable Sub-Managers.

Clients have the opportunity to impose reasonable investment restrictions applicable to their assets in the Program by identifying them on the SIS. The Firm will forward any investment restrictions requested by the client to Envestnet and to any applicable Sub-Managers, through Envestnet, for review. Investment restrictions must be reasonable, as determined by MMLIS, Envestnet and the Sub-Managers, and must be complete and consistent with applicable law. MMLIS, Envestnet and Sub-Managers observe the investment restrictions that a client provides in the SIS, if deemed reasonable; provided that Envestnet and the Sub-Managers reserve the right to seek further direction from the client through the Firm before any such investment restrictions are observed. Clients may impose new, or modify any existing, investment restrictions on the investments in their Account at any time by contacting their IA-Rep. Sub-Managers may reject an account if they cannot honor the requested restriction.

#### **ITEM 8. CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Clients have access to their IA-Rep for information on their Account. IA-Reps will also accept inquiries from clients about Envestnet and Sub-Managers as well as each of their roles under the Program and coordinate the provision of responses to clients.

#### **ITEM 9. ADDITIONAL INFORMATION**

##### **Disciplinary Information**

MMLIS entered into a Consent Agreement and Order ("Order") with the Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Securities Licensing, Compliance and Examinations ("Bureau") for the resolution of a matter effective July 6, 2015. The Firm neither admitted, nor denied the allegations. The matter arose out of the conduct of a deceased former representative of the Firm who operated an unapproved outside business activity through which he issued, offered and sold unregistered promissory notes to certain Pennsylvania residents. The issuance, offer and sale of the notes by the representative were not approved by the Firm. The Bureau received five complaints and was aware of twelve notes totaling approximately \$385,000. The Firm was subject to a sanction under Section 305(a)(vii) of the 1972 Act, 70 P.S. § 1-305(a)(vii) for a failure to reasonably supervise an agent of the Firm. The Order directed the Firm to (i) pay an administrative assessment in the amount of \$100,000; (ii) pay legal and investigative costs in the amount of \$25,000; (iii) comply with the 1972 Act, and its Regulations as adopted by the Department, 70 P.S. § 1-101, et. seq; and (iv) represent to the Department that it had made payments to certain Pennsylvania residents related to the securities activities of the representative and his outside business. Payment to certain Pennsylvania residents in the amount of \$150,840.62 was made on June 30, 2015.

MMLIS entered into an AWC with FINRA for the resolution of a matter effective November 15, 2016. FINRA made findings that the Firm disadvantaged certain retirement plan and charitable organization customers that were eligible to purchase Class A shares in certain mutual funds without a front-end sales charge ("Eligible Customers"). FINRA found that these Eligible Customers were instead sold Class A shares with a front-end sales charge or Class B or C shares with back-end sales charges and higher ongoing fees and expenses. The AWC stated that the Firm

failed to establish and maintain a supervisory system and written policies and procedures reasonably designed to ensure that Eligible Customers who purchased mutual fund shares received the benefit of applicable sales charge waivers. The AWC also stated that the Firm failed to reasonably supervise the application of sales charge waivers to eligible mutual fund sales. FINRA found that the firm relied on its financial advisors to determine the applicability of sales charge waivers, but failed to maintain adequate written policies or procedures to assist financial advisors in making this determination, including failing to establish and maintain written procedures to identify applicable sales charge waivers in fund prospectuses for Eligible Customers. Without admitting or denying the findings, the Firm consented to a censure and agreed to pay restitution to investors totaling \$1,864,167.77, plus interest.

MMLIS (and three other broker-dealers affiliated with MassMutual) entered into an AWC with FINRA for the resolution of a matter effective June 30, 2017. FINRA made findings that the Firm failed to maintain certain electronic books and records in a non-erasable and non-rewritable format known as the "Write Once, Read Many" (WORM) format that is intended to prevent the alteration or destruction of broker-dealer records stored electronically. The findings also stated that the Firm failed to (i) provide the required 90-day notice to FINRA prior to retaining a vendor to provide electronic storage, (ii) implement an audit system as required for such electronic books and records, (iii) provide letters of undertaking from independent third-parties with the ability to access and download information from the Firm's electronic storage media; and (iv) enforce written supervisory procedures concerning the Firm's storage of electronic brokerage records in WORM format. Without admitting or denying the findings, the Firm consented to a censure and agreed to a fine in the amount of \$750,000 (to be paid jointly and severally by the three other MassMutual affiliated broker-dealers). The Firm also agreed to certain undertakings, mainly to submit to FINRA within 60 days a written plan of how the Firm will conduct a comprehensive review of the adequacy of the relevant policies and procedures (written and otherwise), including a description of remedial measures leading to full compliance.

MMLIS entered into an AWC with FINRA for the resolution of a matter effective March 20, 2020. FINRA made findings that the Firm failed to ensure that access to a third-party system was limited to only those former registered representatives of a company that was acquired by the Firm for whom access was agreed to be given. As a result, additional former registered representatives and associated persons of the Firm had access to the third-party system after the acquisition. Because MMLIS was unaware that these additional registered representatives and associated persons had access to the third-party system after the acquisition, the Firm did not notify the third party when those registered representatives and associated persons ceased to be associated with the Firm. As a result, the third party did not timely shut off those former registered representatives' and associated persons' access to the third-party system. The third-party system stored customer records and information, including nonpublic personal information. Without admitting or denying the findings, the Firm consented to a censure, a fine of \$75,000, and the entry of findings that it failed to prevent certain registered and associated persons who had been terminated from the Firm from continuing to access customer records and information, including nonpublic personal information, in violation of the SEC's Regulation S-P and FINRA Rule 2010.

On September 10, 2021, MMLIS entered into an agreement and order ("Order") with the U.S. Securities and Exchange Commission ("SEC"). The Firm neither admitted nor denied the allegations in the Order. The Firm was censured and ordered to cease and desist from committing or causing violations or future violations of Section 206(2) or 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. In connection with the Order, MMLIS agreed to pay disgorgement of \$1,150,505, prejudgment interest of \$258,952.29 and a penalty of \$700,000. The Order included allegations regarding breaches of fiduciary duties by MMLIS and MSI Financial Services, Inc. ("MSI"), a formerly registered investment adviser and broker-dealer that was integrated with MMLIS in March 2017, in connection with third-party compensation that MMLIS and MSI received based on their advisory clients' investments without fully and fairly disclosing their conflicts of interest. In particular, the Order stated that during certain periods since at least March 2015, MMLIS and MSI invested clients in certain share classes of mutual funds that resulted in the firms receiving revenue sharing payments pursuant to agreements with their unaffiliated clearing broker. The SEC alleged that in spite of these financial arrangements, MMLIS and MSI provided no disclosure or inadequate disclosure of the conflicts of interest arising from this compensation. The SEC alleged that MMLIS and MSI also breached their duty to seek best execution by causing certain advisory clients to invest in share classes of mutual funds that paid revenue sharing when share classes of the same funds were available to the clients that presented a more favorable value under the particular circumstances in place at the time of the transactions. Furthermore, the Order stated that MMLIS and MSI failed to 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 and disclosure of conflicts of interest.

arising out of its revenue sharing practices. As a result of the conduct described herein, the SEC alleged that MMLIS willfully violated sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder.

MMLIS entered into an agreement and consent order ("Order") with the Massachusetts Securities Division ("MSD") for the resolution of a matter effective September 15, 2021. The Firm neither admitted, nor denied the allegations. The MSD alleged that MMLIS failed to supervise its broker-dealer agents' posting about securities on social media, trading in outside accounts of other individuals, and excessive trading in personal accounts, and that these allegations constituted violations of Mass. Gen. Laws 204(A)(2)(J). In connection with the Order, MMLIS was censured and agreed to pay a fine of \$4,000,000. MMLIS was ordered to cease and desist from future violations of Massachusetts securities laws and engage an independent third-party consultant to review policies and written supervisory procedures regarding (1) its broker-dealer agents' use of social media platforms, (2) detecting and monitoring broker-dealer agent trading in the accounts of others, and (3) monitoring of personal trading of registered agents. MMLIS also agreed to conduct compliance training and three years of annual compliance audits.

MMLIS entered into an agreement and consent order ("Order") with the Massachusetts Securities Division for the resolution of a matter effective September 15, 2021. The Firm neither admitted, nor denied the allegations. The allegations stated that MMLIS employed three hundred four (304) individuals who transacted securities business in Massachusetts, sixty-three (63) individuals who supervised MMLIS agents transacting securities business in Massachusetts, and one hundred eleven (111) agency supervisor officers who assisted in supervising agents while not registered as agents. In connection with the Order, MMLIS was censured and agreed to pay a fine of \$750,000. MMLIS was ordered to cease and desist from future violations of Massachusetts securities law and conduct a review of policies and procedures.

MMLIS entered into an AWC with FINRA for the resolution of a matter effective December 20, 2021. The Firm was censured and ordered to pay \$617,726.28, plus interest, in restitution to impacted customers. In resolving the matter, MMLIS provided substantial assistance to FINRA and, accordingly, no monetary sanction was imposed. The AWC stated that the Firm's systems and procedures for supervising representatives' 529 plan share class recommendations were not reasonably designed. The Firm allegedly failed to provide supervisors with adequate guidance and information necessary to evaluate the suitability of representatives' 529 plan share class recommendations, and also failed to provide guidance to representatives regarding the share class suitability factors specific to 529 plan investments when recommending 529 plans. In particular, supervisors approved numerous 529 C share transactions without having access to or considering beneficiary age, a relevant factor in evaluating the suitability of 529 share-class recommendations. Moreover, the Firm did not conduct training for representatives regarding 529 plan share classes or otherwise provide guidance with respect to the relevant suitability factors when recommending a particular 529 plan share class. The AWC also stated that the Firm failed to reasonably supervise mutual fund and 529 plan transactions for available breakpoints. The Firm's supervisory system was not reasonably designed to identify and apply all available breakpoint discounts. The Firm required its registered representatives to complete a breakpoint worksheet for Class A share purchases in mutual funds of 529 plans to identify available breakpoint discounts, but did not require breakpoint worksheets for direct or automatic contribution transactions made subsequent to an initial investment. The Firm relied on an exception report to identify missed mutual fund and 529 plan breakpoints. However, the exception report only captured transactions of \$500 or more. As a result, the AWC stated the Firm failed to have a system reasonably designed to aggregate for breakpoint purposes, customers' contributions to mutual funds and 529 plans if those contributions were in amounts less than \$500.

MMLIS entered into an agreement and consent order ("Order") with the Massachusetts Securities Division for the resolution of a matter effective August 16, 2022. The Firm neither admitted, nor denied the allegations and MMLIS was ordered to cease and desist from future violations of Massachusetts securities law. The allegations stated that MMLIS failed to: (1) reasonably supervise a representative's variable annuity sales practices, (2) ensure that its representative properly informed clients of the general terms of variable annuities recommended, and (3) ensure that its representative properly disclosed commissions received in connection with clients' purchases of variable annuities and their premium payments. In connection with the Order, MMLIS was censured and the Firm agreed to: (1) pay a fine of \$250,000, (2) make certain remediation payments to clients, and (3) conduct a review of related policies and procedures.

MMLIS entered into an AWC with FINRA for the resolution of a matter effective May 16, 2023. Without admitting or denying the findings, the Firm consented to a censure and agreed to pay a fine of \$250,000. The AWC stated that



the Firm had failed to timely amend its associated persons' Forms U4 and U5 to report disclosable events, including but not limited to customer complaints and arbitrations, the disposition of complaints, criminal charges, bankruptcies, internal review and investigations, and regulatory actions. The AWC also stated that the Firm failed to establish, maintain and enforce reasonable supervisory procedures, including written supervisory procedures, to timely and accurately report regulatory events on Forms U4 and U5, the Firm's procedures were not reasonable to ensure effective communications among the Firm's departments concerning events that may warrant disclosure. In addition, the AWC stated that the Firm's system for updating previously reported customer complaints and arbitrations led to over a dozen late filings. The AWC also stated that the Firm has since recognized these deficiencies and subsequently revised its supervisory system; the Firm also implemented a new system provided by a third-party vendor designed to improve interdepartmental communication of reportable events.

MMLIS entered into a Stipulation and Consent Order in Lieu of Cease and Desist Proceedings with the State of Michigan, Department of Licensing and Regulatory Affairs, Corporations, Securities, and Commercial Licensing Bureau, effective September 26, 2023. MMLIS self-reported to the State of Michigan that it failed to properly submit necessary investment adviser representative registration application materials for an individual investment adviser representative from 2010 to 2023. The individual was registered as a broker-dealer agent during this period of time, and became registered as an investment adviser representative on or around August 6, 2023. The State alleged that MMLIS' inadvertent failure to properly submit registration materials resulted in it materially aiding violations of MCL 451.2404 by the individual. MMLIS neither admitted or denied the allegation and was ordered and agreed to: (1) pay a fine of \$10,000, (2) conduct a review of related policies and procedures, and (3) send a notification letter to impacted advisory clients notifying them of the Consent Order.

## **MATERIAL RISKS**

Investing in securities involves risk of loss that clients should be prepared to bear. Clients may experience loss in the value of their Account under a Program due to market fluctuation. There is no guarantee that a client's investment objectives will be achieved by participating in a Program. Clients should read carefully a copy of the Sub-Manager Brochure, current prospectus, or other disclosure documents, associated with the Investment Options prior to investing. Those disclosure documents contain information regarding any fees, expenses, investment objectives, investment techniques, and risks associated with their respective Investment Options. The investment returns on a client 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 Program.

The Firm and its IA-Reps do not provide legal or tax advice. Clients with tax or legal questions should seek a qualified independent expert.

In general, MMLIS 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 to clients. Please refer to Item 4 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 programs. Please refer to the Envestnet Brochure and each Sub-Manager Brochure for more information.

Given the wide range of investments in which a client's Account may be invested, there is similarly a very wide range of risks to which a client's 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. The client should refer to the prospectus or other offering materials that it receives in conjunction with certain investments made in their 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 Program:

Your Account may be a stand-alone asset allocation strategy or part of an overall asset allocation strategy and your IA-Rep may recommend a focused or completion Model primarily to complement an existing investment strategy. All strategies implemented by MMLIS involve a risk of loss that clients should be prepared to bear.

*Acts of God and Geopolitical Risks* – The performance of an Account could be impacted by Acts of God or other unforeseen and/or uncontrollable events (collectively, “disruptions”), including, but not limited to, natural disasters, public health emergencies (including any outbreak or threat of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola, or other existing or new pandemic or epidemic diseases), terrorism, social and political discord, geopolitical events, national and international political circumstances, and other unforeseen and/or uncontrollable events with widespread impact. These disruptions may affect the level and volatility of security prices and liquidity of any investments. There is risk that unexpected volatility or lack of liquidity will impair an investment's profitability or result in it suffering losses. Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or securities industry participants in other countries or regions. The extent of the impact of any such disruption on MMLIS, clients, Accounts, and any underlying portfolio investments' operational and financial performance will depend on many factors, including the duration and scope of such disruption, the extent of any related travel advisories and restrictions implemented, the impact of such disruption on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. A disruption may materially and adversely impact the value and performance of any investment, MMLIS's ability to source, manage and divest investments, and MMLIS's ability to achieve clients' investment objectives, ultimately resulting in significant losses to the Account. In addition, there is a risk that a disruption will significantly impact, or even temporarily or permanently halt, MMLIS's operations and/or the operations of any underlying portfolio funds and companies.

*Asset Allocation Risk* — 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 the client's investment objectives. Asset allocation assumes that the mix of asset classes will remain fairly consistent over a long period of time. The client's asset allocation targets typically are not changed unless the client's circumstances or objectives change. There are risks associated with asset allocation. One such risk is that the client may not participate in sharp increases in a particular security, industry or market sector. Clients with an asset allocation may not achieve their 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. Clients with a tactical asset allocation 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 the client's portfolio vary significantly. There is no guaranty 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 programs. 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 the client 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* — Clients should be aware that closed-end funds available within the Programs may not give investors the right to redeem their shares, and a secondary market may not exist. Therefore, MMLIS 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 amount of shares on a periodic basis, but there is no guarantee that MMLIS 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. MMLIS can only place sell orders on the actual tender date. Clients should be aware that MMLIS 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.

*Corporate Fixed Income Securities Risk* — 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.

*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.

*Equity Market Risk* — The risk that stock prices will fall over short or extended periods of time.

*Exchange-Traded Funds (ETFs) Risk* — ETFs are typically structured as either open-end mutual funds or as unit investment trusts (UITs) (see separate risk factor). The risks of owning shares of an ETF generally reflect the risks of owning the underlying securities the ETF is designed to track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying securities. ETFs are also subject to risks relating to market trading, including the potential for lack of an active market for ETF shares and significant market disruptions. Although ETF shares are listed on a national securities exchange, it is possible that an active trading market may not develop or be maintained, particularly during times of severe market disruption. If ETF shares need to be sold when trading markets are not properly functioning, they may be sold at a significant discount to their net asset value (NAV), or it may not be possible to sell them in the secondary market. Market and other disruptions also make it difficult for

the ETF to accurately price its investments, thereby affecting the ETF's price and performance. Similarly, an exchange or other markets may issue trading halts on specific securities or derivatives, which will affect the ability of the ETF to buy or sell certain securities or derivatives. In such circumstances, the ETF may be unable to rebalance its portfolio or accurately price its investments and may incur substantial trading losses. ETFs that seek to track the performance of a specified underlying index ("index ETFs") are not actively managed and the investment advisers of such ETFs do not attempt to take defensive positions in declining markets. Therefore, Index ETFs may be subject to greater losses in a declining market than a fund that is actively managed. ETF shareholders will bear a proportionate share of the ETF's expenses, including, as permitted by applicable law, certain management and other fees contained in that ETF's prospectus.

*Financial Risk* – Excessive borrowing to finance a business's operations may limit profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in a declining market value and even bankruptcy.

*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.

*Investment Company Risk* — When a Portfolio invests in an investment company, including mutual funds, closed-end funds, UITs and ETFs, in addition to directly bearing the expenses associated with its own operations, it will bear a pro rata portion of the investment company's expenses. Further, while the risks of owning shares of an investment company generally reflect the risks of owning the underlying investments of the investment company, the Portfolio may be subject to additional or different risks than if the Portfolio had invested directly in the underlying investments. For example, the lack of liquidity in an ETF could result in its value being more volatile than that of the underlying Portfolio securities. Closed-end investment companies issue a fixed number of shares that trade on a stock exchange or over-the-counter at a premium or a discount to their net asset value. As a result, a closed-end fund's share price fluctuates based on what another investor is willing to pay rather than on the market value of the securities in the fund.

*Investment Style Risk* — A Portfolio's strategy may underperform other sectors of the markets or the markets as a whole.

*Leverage Risk* – A pooled investment vehicle (e.g., mutual fund, ETF, etc.) may borrow money (and/or establish a line of credit) to provide for opportunistic asset allocation, facilitate payments on withdrawal and to remain fully invested in anticipation of future contributions. Additionally, a pooled investment vehicle may enter into various derivatives (such as options, futures and swaps) that have implicit or internal leverage in that the notional value of the derivative instrument is much larger than the cash needed to establish and maintain the derivative instrument. Although leverage will increase the pooled investment vehicle's investment return if the investment purchased with borrowed funds earns a greater return than the interest expense the pooled investment vehicle pays for the use of those funds, the use of leverage will decrease the return on the pooled investment vehicle if the pooled investment vehicle fails to earn as much on its investment purchased with borrowed funds as it pays for the use of those funds. The use of leverage will in this way magnify the volatility of changes in the value of an investment in the pooled investment vehicle, especially in times of a "credit crunch" or during general market turmoil.

*Market Risk* — The market value of a security may move up and down, sometimes rapidly and unpredictably. Market risk may affect a single issuer, an industry, a sector or the equity or bond market as a whole. Market risk includes prices dropping in reaction to both tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events (see "Acts of God and Geopolitical Risks" above).

*Money Market Funds Risk* — An investment in money market funds not a bank deposit nor is it insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the money market fund seeks to maintain a constant price per share of \$1.00, client may lose money by investing in the money market fund. The money market fund may experience periods of heavy redemptions that could cause the money market fund to liquidate its assets at inopportune times or at a loss or depressed value, particularly during periods of declining or illiquid markets. This could have a significant adverse effect on the money market fund's ability to maintain a stable \$1.00 share price, and, in extreme circumstances, could cause the money market fund to suspend redemptions and liquidate completely.

*Portfolio Turnover Risk* — To the extent that a Portfolio buys and sells securities frequently, such activity may result in increased brokerage or other higher transaction costs and additional capital gains tax liabilities. These costs affect the Portfolio's performance. To the extent that a Portfolio invests in an underlying fund, the Portfolio will have no control over the turnover of the underlying fund. In addition, the withdrawal of a Portfolio from an underlying fund could involve expenses, such as redemption fees, to the Portfolio under the terms of the Portfolio's investment.

*Privately Placed and Restricted Securities Risks* – An Account's underlying investments may also include privately placed securities, including private equity funds, hedge funds, and real estate funds, which are subject to resale restrictions. It is likely that such securities will not be listed on a stock exchange or traded in the OTC market. These securities will have the effect of increasing the level of an Account's illiquidity to the extent the Account may be unable to sell or transfer these securities due to restrictions on transfers or on the ability to find buyers interested in purchasing these securities. The illiquidity of the market, as well as the lack of publicly available information regarding these securities, may also adversely affect the ability to arrive at a fair value for certain securities at certain times and could make it difficult for the Account to sell certain securities (or to sell such securities at the prices at which they are currently held). Furthermore, companies whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that might be applicable if their securities were publicly traded and/or listed on a stock exchange. Clients will continue to pay an ongoing Client Fee for these assets, as long as they remain in the Account, including during periods where MMLIS is unable to redeem such investments. An Account may be obligated to pay all or part of the legal and/or other fees incurred in negotiating the purchase and or sale of a private placement security. When registration is required to sell a security, an Account may be obligated to pay all or part of the registration expenses, and a considerable period may elapse between the decision to sell and the time the account may be permitted to sell a security under an effective registration statement. If adverse market conditions developed during this period, an Account might obtain a less favorable price than the price that prevailed when the Account decided to sell.

*REITs Risk* — REITs are trusts that invest primarily in commercial and/or residential real estate or real estate-related loans. Investments in REITs are subject to the same risks as direct ownership of real estate and mortgages, including fluctuations in the value of underlying properties, defaults by borrowers or tenants, changes in interest rates and risks related to general or local economic conditions. In addition to default, underlying loans may be subject to prepayments that occur later or earlier than expected and such loans may also include so-called "subprime" mortgages. Some REITs may have limited diversification and may be subject to risks inherent in financing a limited number of properties. The value of REITs will rise and fall in response to many factors, including economic conditions, the demand for rental property, interest rates and the management skill and creditworthiness of the issuer. In particular, the value of these securities may decline when interest rates rise and will also be affected by the real estate market and by the management of the underlying properties. REITs may be more volatile and/or more illiquid than other types of equity securities.

*Reliance on Technology; Cybersecurity Risk; Back-up Measures* – MMLIS's operation is dependent on various computer and telecommunications technologies, many of which are provided by or are dependent upon third parties such as data feed, data center, telecommunications, or utility providers. The successful deployment, implementation, and/or operation of such activities and strategies, and various other critical activities, could be severely compromised by system or component failure, telecommunications failure, power loss, a software-related "system crash," unauthorized system access or use (such as "hacking"), computer viruses and similar programs, fire or water damage, human errors in using or accessing relevant systems, or various other events or circumstances. It is not possible to provide comprehensive and foolproof protection against all such events, and no assurance can be given about the ability of applicable third parties to continue providing their services. Any event that interrupts such computer and/or telecommunications systems or operations could have a material adverse effect on clients, including by preventing MMLIS, Envestnet, or any Sub-Managers from trading,



modifying, liquidating, and/or monitoring its clients' investments. In addition, clients should be aware of the risk of attempted cyber-attacks, including denial-of-service attacks, and harm to technology infrastructure and data from misappropriation or corruption. Due to MMLIS's interconnectivity with third-party vendors, central agents, exchanges, clearing houses, and other financial institutions, MMLIS could be adversely impacted if any of them is subject to a cyber-attack or other information security event. Although MMLIS takes protective measures and endeavors to modify its operations as circumstances warrant, computer systems, software, and networks may be vulnerable to unauthorized access, issues, computer viruses or other malicious code, and other events that could have a security impact. MMLIS has certain backup measures in place for such disruptions, but no assurance can be given that these plans will be realized, or that, in particular, MMLIS would be able to resume operations following a business disruption.

*Structured Investments Risk* – Structured notes are types of derivative securities whose value is determined by reference to changes in the value of specific securities, currencies, interest rates, commodities, indices, or other financial indicators (the "Reference Instrument"), or the relative change in two or more Reference Instruments. The interest rate or the principal amount payable upon maturity or redemption may be increased or decreased depending upon changes in the applicable Reference Instrument(s). Structured notes may be positively or negatively indexed, so the appreciation of the Reference Instrument may produce an increase or decrease in the interest rate or value of the security at maturity. The terms of the instrument may be "structured" by the purchaser and the borrower issuing the note. For example, the terms of a structured note may provide that, in certain circumstances, no principal is due at maturity and, therefore, may result in a loss of invested capital. Structured notes may present additional risks that are different from those associated with a direct investment in fixed income or equity securities because the investor bears the risk of the Reference Instrument(s). For example, structured notes may be more volatile, less liquid, and more difficult to price accurately and subject to additional credit risks. Structured Certificates of Deposit ("CDs") that are insured by the FDIC are subject to applicable FDIC limits.

*Unit Investment Trusts (UITs) Risk* – A UIT is an SEC-registered investment company composed of an unmanaged portfolio in which the investor has an undivided ownership in the underlying securities. Many ETFs are structured as UITs (refer to "Exchange-Traded Funds Risk" above). The market value of a UIT largely depends on the value of the portfolio securities it holds. As the value of those securities changes, generally so will the value of the UIT, which can result in a loss of investment. Assets invested in UITs may be diluted if the size of the portfolio is increased as units are sold. Additionally, a UIT's issuer may be unwilling or unable to declare dividends in the future, or may reduce the level of dividends declared, resulting in a reduction in value of the units.

*U.S. Government Securities Risk* — U.S. Government securities are not guaranteed against price movements due to changing interest rates. Obligations issued by some U.S. Government agencies are backed by the U.S. Treasury, while others are backed solely by the ability of the agency to borrow from the U.S. Treasury or by the agency's own resources.

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

The Firm is registered with the SEC as an investment adviser and a broker-dealer and its principal officers are registered as IA-Reps and/or registered representatives ("RRs") of the Firm. In its capacity as a broker-dealer, the Firm sells variable insurance products and general securities, including, but not limited to, stocks, bonds, municipal and government securities, and mutual funds to the public. The products available through the Firm include products issued by our affiliated insurance companies as well as those issued by unaffiliated issuers. As part of this business, the Firm, through its RRs who may also be IA-Reps, provides to clients a broad range of securities brokerage services which may include clients who participate in the Programs. The Firm, as a broker-dealer, effects securities transactions for these brokerage customers for compensation and may recommend that customers buy or sell securities or investment products in which the Firm or its officers, directors, employees or RRs have a financial interest or may themselves purchase or sell. Clients should be aware that compensation earned by the Firm and its RRs vary by product and by issuer. Therefore, the Firm and its RRs may receive more compensation for selling certain products issued by a Firm affiliate than for selling certain products issued by companies that are not affiliated with the Firm.

The following describes the relationship or arrangement that the Firm has with its affiliates and other nonaffiliated companies that may be material either to the advisory business of the Firm or to clients.

## **Broker Dealers, Other Investment Advisers and Investment Companies**

MMLIS's management persons, including its directors and executive officers, are RRs and/or associated persons of MMLIS. Management persons may also be registered or associated with the Firm's affiliated broker-dealers MML Distributors, LLC and MML Strategic Distributors, LLC and with its affiliated investment advisers, including MML Investment Advisors, LLC.

MMLIS is owned by MassMutual Holding LLC. Massachusetts Mutual Life Insurance Company ("MassMutual") is MassMutual Holding LLC's principal owner. MMLIS's RRs and IA-Reps are all licensed insurance agents or brokers of MassMutual and/or other affiliated or unaffiliated insurance companies. MMLIS's RRs are all licensed to sell securities and may effect securities transactions for compensation for any client.

MML Investment Advisors, LLC acts as an investment adviser, and MML Distributors, LLC acts as principal underwriter, for certain mutual funds, including the MassMutual Select Funds, the MassMutual Premier Funds, MML Series Investment Fund and the MML Series Investment Fund II. MML Distributors, LLC is owned by MassMutual Holding LLC. MMLIS may recommend these mutual funds to clients in its broker-dealer capacity or investment adviser capacity.

MassMutual Holding LLC is the sole shareholder of Barings LLC ("Barings"), a registered investment adviser. MMLIS had entered into a solicitor's agreement with Barings whereby MMLIS received compensation for referring clients to Barings for asset management services. Barings accounts have been assigned, with client's consent, to LMCG Investments, LLC (formerly known as Lee Munder Capital Group LLC). MMLIS continues to receive a referral fee on those accounts. MMLIS may also recommend that its advisory clients invest in mutual funds advised by Barings.

Barings also issues alternative investments. MMLIS, in its broker-dealer or investment adviser capacity, may recommend that a client invest in an alternative investment issued by Barings. MMLIS addresses this conflict of interest by disclosing it to clients and supervising recommendations relating to alternative investments in compliance with its fiduciary duty to you.

Recommending a mutual fund advised or distributed by an affiliate (an "Affiliated Fund") creates a conflict of interest between MMLIS and advisory clients. Investing in an Affiliated Fund results in additional compensation being paid to MMLIS and/or one of its affiliates. In many cases there are alternative funds that are available for investment that will provide clients with substantially similar exposure to the asset class or sector represented by an Affiliated Fund. MMLIS addresses this conflict of interest by disclosing it to clients. In addition, MMLIS generally relies on third parties to provide the underlying analysis to determine whether a mutual fund is eligible to be recommended in an advisory program.

Affiliated Funds may also be available as underlying investments in a Sub-Manager Model, MMLIS Model or MMLIS Strategist Model. When an Affiliated Fund is an underlying investment in a Sub-Manager Model, MMLIS Model or MMLIS Strategist Model, MMLIS and/or one of its affiliates receives a financial benefit. This conflict of interest is mitigated because neither MMLIS nor the IA-Reps select the investments within a Sub-Manager Model. MMLIS also addresses this conflict by disclosing it to you.

When Affiliated Funds are held in qualified retirement plan accounts and IRAs the account will not be charged the Execution, Clearing and Custody Fee or the Advisor Fee for the portion of the account invested in the Affiliated Funds. The account will be charged any other applicable fees.

MassMutual, directly and/or through one or more of its affiliates, owns common shares (approximately 17% of outstanding common shares) and preference shares of, and has certain shareholder rights with respect to, Invesco Ltd. ("Invesco") as a result of the sale of MassMutual's formerly affiliated asset management business, OppenheimerFunds, to Invesco. MMLIS, in its broker-dealer or investment adviser capacity, may recommend that a client invest in an investment product advised and/or distributed by one or more Invesco entities. MMLIS addresses this conflict of interest by disclosing it to clients. In addition, MMLIS generally relies on third parties to provide the underlying analysis to determine whether a mutual fund is eligible to be recommended in an advisory program. Investment products advised and/or distributed by one or more Invesco entities may also be available as underlying investments in a Model or SMA Model. This conflict of interest is mitigated because neither MMLIS nor the IA-Reps select the investments within a third-party Model or SMA Model. For MMLIS WMIT Models and MMLIS Strategist Models, this conflict of interest is mitigated because the MMLIS WMIT or the MMLIS Strategist, as

applicable, does not receive any more or less compensation for selecting these investments within a Model, and the IA-Reps recommending or selecting Models in the Programs do not receive any more or less compensation for recommending or selecting Models that contain these investment products.

Clients cannot purchase Invesco common stock as an investment for their Account.

MMLIS is the co-underwriter for, and a distributor of, variable products of MassMutual and its subsidiaries. Such variable products are issued by separate accounts which are registered as investment companies. MMLIS may recommend these products to clients in its broker-dealer capacity.

MMLIS owns MML Insurance Agency, LLC ("MMLIA"), a Massachusetts limited liability company which has authority to sell life, health and annuity products. Variable products available through MMLIA are recommended to clients only in MMLIS's broker-dealer capacity.

MassMutual Trust Company is a wholly owned subsidiary of MassMutual. MMLIS has entered into a solicitor's agreement with MassMutual Trust Company whereby MMLIS and MMLIS IA-Reps receive compensation for referring clients to MassMutual Trust Company for trust related services. In addition, assets managed by MassMutual Trust Company that are attributable to an IA-Rep or an IA-Rep's team are included in the calculation that determines whether an IA-Rep qualifies to receive a higher percentage of the Advisory Fee and overall compensation, including the Growth Bonus. The referral fee and these incentive programs create a conflict of interest and an incentive for IA-Reps to refer clients to MassMutual Trust Company over other companies that provide trust related services. MMLIS addresses these conflicts of interest by disclosing them to you, and supervising referrals for compliance with its fiduciary duty to you.

Additional information on certain related entities is specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.A. Part 1 of Form ADV can be accessed by following the directions provided on the Cover Page of this Brochure.

### **Relationship with NFS**

Not all investment advisers are dually registered as broker/dealers or have affiliates that are broker/dealers. Further, not all investment advisers that are dually registered as broker/dealers or that have affiliated broker/dealers require their clients to use the related broker/dealer as introducing broker. MMLIS has an incentive to select itself as the introducing broker-dealer for the Program. In addition, although MMLIS is often able to obtain price improvement through its trade executions with NFS that it believes is beneficial to its clients, MMLIS's clearing relationship with NFS provides MMLIS with economic benefits by using itself as the broker/dealer and NFS as the clearing firm for accounts. For example, MMLIS receives additional compensation in the form of revenue-sharing payments from NFS as described below and in Item 4 – Mutual Funds and Revenue Share from NFS. MMLIS's agreement with NFS also provides that NFS shall pay to MMLIS incentive credits for reaching and maintaining certain levels of assets with NFS.

MMLIS receives revenue sharing payments from NFS for investments in mutual fund shares in NFS' NTF, iNTF and TF programs. MMLIS will not credit the client's Account for any revenue share payments the Firm receives in connection with that Account. If available, the Firm, as a broker-dealer, also earns 12b-1 fees from certain mutual funds for providing distribution and/or administrative services to mutual funds (which are credited back to clients' accounts). In addition, the fee MMLIS pays to NFS is based on the aggregate assets clients invest in advisory accounts, excluding any investments in NTF and iNTF mutual fund share classes, cash and cash equivalents. Please see Item 4 "Mutual Funds and Revenue Sharing from NFS" and "MMLIS Fee to NFS" of this Firm Brochure for additional information about the revenue-sharing payments MMLIS receives from NFS, 12b-1 fees and the fee MMLIS pays to NFS, and the resulting conflicts of interest.

MMLIS receives additional compensation from NFS in the form of annual recurring business development credits, based on the amount of net new assets that MMLIS customers custodied with NFS over the previous year (including the assets in the Programs), and maintaining a certain amount of accounts and assets that MMLIS customers custody with NFS (including the accounts and assets in the Programs). Therefore, MMLIS has an incentive to recommend products and services that will lead to more assets being custodied with NFS, including the Programs, over products and services that are custodied with other custodians. These credits are paid directly to the Firm and are not shared with IA-Reps.

MMLIS also receives compensation from the Sweep Programs that are provided by NFS. See Item 4 of this Firm Brochure for additional information about the Sweep Programs, the compensation that MMLIS receives, and the resulting conflicts of interest.

NFS will also pay fees to attend Firm sponsored sales and/or training conferences.

This additional compensation received by MMLIS creates a conflict of interest with MMLIS' clients because MMLIS has an economic incentive to use NFS as its clearing firm for trade execution and custody over other firms that do not or would not share revenue with MMLIS. In selecting NFS as the clearing firm, MMLIS considers the full range and quality of NFS' services including, among other things, the value of research provided as well as execution capability, commission rate, financial responsibility, and responsiveness. Further detailed discussion of the economic benefits MMLIS receives from its relationship with NFS can be found in this Item 9.

This additional compensation also creates a conflict of interest because MMLIS has an incentive to recommend clients invest in advisory programs (including the Programs) for which MMLIS receives compensation from NFS over advisory programs (such as third-party programs) for which MMLIS does not receive compensation from NFS. This conflict applies to both the initial recommendation to open an Account in a Program and to make subsequent contributions to such Account.

MMLIS received credits from NFS when it began using NFS as its clearing firm. If MMLIS terminates its relationship with NFS before a certain period of time, MMLIS will have to pay a portion of these credits back to NFS. MMLIS will also have to pay additional fees to NFS if MMLIS terminates its relationship with NFS before a certain period of time. These repayment and payment obligations create a conflict of interest with MMLIS's clients because MMLIS has an economic incentive to continue to use NFS as its clearing firm for trade execution and custody over other firms.

Additionally, NFS has waived certain sporadic fees that MMLIS owes to NFS. This also creates an economic incentive for MMLIS to continue to use NFS as its clearing firm for trade execution and custody over other firms.

#### **Relationship with Envestnet**

In addition to the advisory business relationship between Envestnet and the Firm as described in Item 4 above, MMLIS has entered into other agreements with Envestnet and Envestnet affiliated investment advisers to offer other advisory programs. Please contact MMLIS or your IA-Rep for additional information about such programs. Envestnet also provides research and other technology services to MMLIS for a separate fee. Furthermore, Envestnet and, if applicable, its affiliates and subsidiaries, from time to time pay fees to attend Firm sponsored sales and/or training conferences. In 2023, Envestnet paid \$75,000 in such fees to the Firm and the Firm expects to receive a similar payment in 2024. Representatives from Envestnet and, if applicable, its affiliates and subsidiaries, generally network with and provide training to IA-Reps and the Firm's personnel at these conferences. The fees received by the Firm are generally used to offset expenses associated with hosting conferences and other expenses, and are not paid directly to IA-Reps. While IA-Reps do not receive a portion of these fees, IA-Reps may be more likely to recommend the Programs, other Envestnet advisory programs, or products offered through Envestnet's affiliates or subsidiaries that are accessible through the Firm, to prospective clients because of the education and the exposures that IA-Reps receive on such services and products.

#### **Compensation for IA-Reps**

As previously discussed, MMLIS utilizes compensation schedules to calculate the overall compensation paid to IA-Reps for their work associated with the Program and other offerings at MMLIS. The compensation schedule is impacted by the amount of certain advisory fees attributable to that IA-Rep or the IA-Rep's team reaching a certain threshold. For these purposes, the relevant advisory fees are those earned across the advisory programs for which MMLIS serves as the broker-dealer and are custodied with NFS (including the Program). This creates an incentive for IA-Reps to charge higher advisory fees and commissions and increase advisory account balances, particularly for the advisory programs for which MMLIS serves as the broker-dealer and that are custodied with NFS (including the Program) and assets managed by MassMutual Trust Company ("Trust Company Accounts"). It also creates an incentive for IA-Reps to favor these proprietary advisory programs over other advisory programs.

MMLIS also has an incentive program where an IA-Rep will receive a larger portion of the Advisory Fee based on total client assets attributable to that IA-Rep or the IA-Rep's team. For this purpose, the total client assets include assets across the advisory programs for which MMLIS serves as the broker-dealer and are custodied with NFS (including the Program). This incentive program creates a conflict of interest and an incentive for IA-Reps to recommend these proprietary advisory programs (including the Program) to clients over other types of accounts or services offered by MMLIS. This conflict of interest applies to both the initial recommendation to open an Account in a Program and to make subsequent contributions to such Account. Also, if an IA-Rep is also a broker-dealer registered representative of MMLIS, this creates an incentive for the IA-Rep to recommend advisory accounts and the programs noted above over brokerage accounts.

The Firm addresses these conflicts of interest by disclosing them to clients, and supervising account and program recommendations for compliance with its fiduciary duty to clients. In addition, this incentive program does not take into account how the assets in an advisory program are invested. The amount of an IA-Rep's compensation is not based on what mutual funds or mutual fund share classes clients are invested in, or what percentage of a client's account is invested in cash or cash equivalents.

In addition, IA-Reps can earn a Growth Bonus. The Growth Bonus will be paid to IA-Reps who grow Net Assets by a certain amount by the end of 2024 within the following "Eligible Products and Services": (1) advisory programs for which MMLIS serves as the broker-dealer and are custodied with NFS (including the Program), (2) MMLIS fee-based annuities, (3) MMLIS brokerage accounts, and (4) MassMutual Trust Company Accounts. To qualify for the Advisor Growth Bonus, IA-Reps must also maintain a certain amount of assets in Eligible Products and Services.

The Growth Bonus creates an incentive for IA-Reps to recommend Eligible Products and Services (including the Program) over Third-Party Advisory Programs and other similar types of accounts offered by third parties. MMLIS addresses this conflict of interest by disclosing it to you, and supervising account and program recommendations in compliance with its fiduciary duty to you.

Certain IA-Reps of the Firm are also affiliated with and provide investment advisory services, primarily financial planning services, through an investment adviser that is not affiliated with the Firm ("Third-Party Adviser"). In that respect, such IA-Reps may offer investment advisory programs through both the Firm and the Third-Party Adviser. The compensation that they receive from the Third-Party Adviser for offering investment advisory services may be more or less than the compensation that they receive from the Firm. While the investment advisory programs made available by the Third-Party Adviser may differ materially from the programs made available by the Firm, the IA-Reps may potentially recommend an investment advisory program that offers them the greatest compensation potential.

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

MMLIS has adopted an Investment Adviser Code of Ethics ("Code") for certain persons of the Firm in compliance with Rule 204A-1 under the Investment Advisers Act of 1940. This Code establishes required standards of business conduct, as well as policies and procedures that are reasonably necessary to detect and prevent personal trading activities that are, or might be an abuse of fiduciary duties or create conflicts of interest.

The Code requires that all IA-Reps and certain other affiliated personnel (together, "Access Persons") acknowledge receipt and report violations of the Code. The Code sets forth standards with regard to an Access Person's personal trading and establishes general prohibitions, including but not limited to, the observance of personal trade blackout periods for certain persons. The Code places additional obligations on Access Persons including the obligation to obtain pre-approval prior to opening new investment accounts and to only hold investment accounts with certain companies that must provide the Firm with electronic feeds of account transactions. SEC rules and guidance exempt certain types of securities and transactions from Code of Ethics reporting.

The principles set forth in the Code that govern personal trading activities for Access Persons include:

- The duty at all times to place the interest of advisory clients first;
- The requirement that all covered personal trades be consistent with the Code so as to avoid any actual or potential conflict of interest; and



- The fundamental standard that individuals should not take inappropriate advantage of their positions with respect to the Firm and/or its advisory clients.

To prevent and detect violations of the Code, the Firm reviews transactions within accounts that have been reported by Access Persons. A copy of the Code of Ethics will be provided to any client or prospective client upon request. Please refer to the cover page of this Brochure for our contact information.

The Firm (including the IA-Rep), and/or its affiliates, may have investment responsibilities, render investment advice to, and perform other investment advisory services for, other individuals and entities ("Other Accounts"). Clients should be aware that the Firm and its affiliates, and their respective partners, directors, trustees, officers, agents, IA-Reps and employees may buy, sell or trade in any securities for their respective accounts ("Affiliated Accounts") or Other Accounts. The Firm (including IA-Reps) and its affiliates may give advice or exercise investment responsibility and take such other actions with respect to Other Accounts and Affiliated Accounts which may be similar to, differ from, or contradict, the advice given or the timing or nature of action taken with respect to clients' Account(s).

Additionally, Other Accounts and Affiliated Accounts may at any time, hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which client's Account may have an interest from time to time, whether in transactions which involve client's Account or otherwise. The Firm shall have no obligation to purchase for client's Account a position in any investment which Other Accounts or Affiliated Accounts may acquire, and that the client shall have no first refusal, co-investment or other rights in respect of any such investment.

MMLIS does not affect any principal or agency cross securities transactions for client accounts. The Firm will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys securities from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlling, controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Personal transactions in securities by affiliated persons of MMLIS will be subject to the procedures described in MMLIS's Code of Ethics and Compliance Manual. MMLIS may from time to time perform a variety of services for, or solicit business from, a variety of companies including issuers of securities that the Firm may recommend for purchase or sale by its clients. In connection with providing these services, the Firm and its affiliated persons may come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security.

Under applicable law, the Firm and its affiliated persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client of MMLIS. Accordingly, should the Firm or any of its affiliated persons come into possession of material nonpublic or other confidential information concerning any company, they will be prohibited from communicating such information to clients, and MMLIS will have no responsibility or liability for failing to disclose such information to clients as a result of following its policies and procedures designed to comply with applicable law.

## **Review of Accounts**

### **Services Provided by the Firm**

The Firm, through the IA-Reps, will be available during business hours to answer any questions that the client may have regarding their Account and/or to provide client services related to client's Account. The Firm will notify clients in writing at least quarterly to contact the Firm if there have been any changes in their financial situation or investment objectives that might affect the manner in which their Account assets should be managed, and whether they wish to add, or modify any existing, investment restrictions imposed on the investments in their Account, or whether there have been any changes in their investment objectives that might affect the manner in which their assets should be managed.

The Firm, or the IA-Reps, will also contact clients at least annually to review each client's Account and to inquire whether anything has changed in client's financial circumstances or investment objectives that might affect the

manner in which the client's Account assets should be managed and if the client would like to add to, remove or modify any previously accepted investment restrictions imposed on the Account.

Additionally, the Firm and Envestnet monitors the activities of client Accounts on a periodic basis. The Firm will notify the IA-Rep and/ or the IA-Rep's supervisor regarding an Account, or to take any corrective actions as required by the Firm's policy, where appropriate.

The IA-Rep is available on an ongoing basis to discuss the client's participation in the Program or the client's investments in general.

### **Services provided by Envestnet**

On an ongoing basis, Envestnet maintains the software utilized to generate the ISP and SIS. Additionally, Envestnet has an ongoing responsibility for implementing securities trades according to the Models and SMA Models for Accounts. Envestnet shall also observe any client-imposed investment restrictions that Envestnet has accepted.

Envestnet has the authority to make securities trades through NFS in client's Account as necessary to fulfill its obligations under the Program. This includes the authority to make appropriate Investment Option and securities replacements and Portfolio changes as described herein. The client will be notified of such changes through confirmations and account statements from the Custodian. Clients do not have the ability to opt out of this aspect of the Program.

### **Cash Allocation and Rebalancing**

**Cash Allocation.** The Portfolios are designed to maintain a minimum cash allocation in the cash sweep option to facilitate administration of the investment portfolio, 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 client contributions or withdrawals, or during the initial investment of a client Account. If the amount of a client's Account invested in the cash sweep option varies beyond a determined maximum cash allocation, then the client's Account will have purchases made into other positions in the client's allocation. Each of Envestnet, MMLIS and Sub-Managers has the right, even if the client has selected the Client Discretion option, 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 may rebalance a client's Account at any time at its discretion, which will make the Account's asset allocation consistent with the Portfolio Guidelines and the applicable asset allocation and concentration parameters. Envestnet has this authority even if the client has selected the Client Discretion option.

Additionally, unless your IA-Rep selects a different rebalancing frequency, Envestnet reviews Accounts on at least an annual basis to determine if rebalancing should occur. If no trade has taken place in an Account in the last 366 days, Envestnet will initiate a rebalance event. During a rebalance event, additional shares of certain securities may be purchased in the Account and/or shares of other securities may be sold in order to bring the account into closer alignment to the model Portfolio assigned to the account. Depending on the parameters selected by the IA-Rep, it is possible that no trades will occur in an Account during the rebalance event. Redemptions and exchanges resulting from rebalancing a client's Account may have tax consequences. An IA-Rep can elect to not have a client's Account automatically rebalance during a particular year, or turn off the automatic rebalancing feature for a client's Account. If a client has selected the Client Discretion option, the IA-Rep cannot select a different rebalancing frequency without the client's prior approval.

The Client Fee and other expenses under the Program are deducted from assets clients have in the cash sweep option (initially, before other assets), as outlined in greater detail in the Program Agreement. By executing the Program Agreement, clients authorize the Custodian to pay the Program Fee and all other fees and charges that are due and payable in a given calendar month under the Program from assets client has in the sweep option. If a client's sweep option does not have enough cash to pay for the Program Fee, account debit balances or other charges, the Firm will, in accordance with the Program Agreement, sell any assets in Client's Account it deems appropriate to make such cash available even if the client has selected the Client Discretion option. In such cases, clients may face a taxable event, to which capital gains (or other) taxes may apply.

Further details of Envestnet's ongoing responsibilities under the Program can be found in the Envestnet Brochure.

### **Third-Party Research Reports**

IA-Reps may provide clients with research reports prepared by third-party companies ("third parties") that are not affiliated with the Firm. Clients should understand the following:

- MMLIS does not prepare, edit or endorse research reports, prepared by third parties ("third-party research reports"). Research is subject to change without notice and MMLIS does not guarantee the accuracy, timeliness, completeness or usefulness of any third-party research report. Third-party research reports are provided for informational and/or educational purposes only and are not intended to provide tax, legal, or investment advice.
- Third-party research reports are written without any particular investor or class of investors' financial situation or needs in mind, and therefore, the information therein should not be construed as an offer to sell, a solicitation of an offer to buy, or a recommendation for any security by MMLIS or any third-party. Clients are responsible for determining whether any of the information in a third-party research report is useful or applicable to client based on each client's unique financial situation or needs.
- Neither MMLIS nor any third-party has made any determination that any recommendation, investment or strategy referenced in any third-party research report is suitable or appropriate for a specific client based on a client's investment objectives and financial situations.
- MMLIS is not responsible or liable for any content of a third-party research report, nor is MMLIS liable for losses resulting from the use of any third-party research report. Clients will use third-party research reports only at client's own risk.

### **Client Statements and Performance Reports**

NFS will send client statements of all activity in clients' brokerage accounts on no less than a quarterly basis. Clients can request written confirmations of trades cleared and settled through the brokerage accounts. Clients should carefully review their brokerage account statements and confirmations issued by NFS and contact the Firm or their IA-Rep immediately upon discovery of any errors, discrepancies or irregularities.

Clients should contact their IA-Reps to discuss the various performance reporting options that are available.

IA-Reps are available to discuss performance reports, Account allocations, Account performance or any other matter relating to a client's Account.

### **Client Referrals and Other Compensation**

#### **Additional Compensation Related to Advisory Activities and Referral Arrangements**

Certain associates of the Firm (Investment Specialists and Wealth Specialists) receive compensation from the Firm to provide sales support to IA-Reps. Wealth Specialists provide sales support only in connection with advisory programs for which MMLIS serves as broker-dealer and are custodied with NFS (including the Programs) and MassMutual Trust Company products and services. The compensation for Investment Specialists may be based on criteria related to new Program Accounts or subsequent contributions to Program Accounts for which they may have provided sales support. Clients should be aware that Investment Specialists and Wealth Specialists have an incentive to favor the presentation of the Programs to IA-Reps for their review as potential products to discuss with their clients over other products and services for which they do not receive compensation.

MMLIS has a Strategic Partner Program with certain investment companies ("Strategic Partners") that offer mutual funds, ETFs and Alternative Investments that are (a) available Investment Options in the Program and/or (b) underlying investments in a Model or SMA Model. Certain Strategic Partners are also Sub-Managers. Strategic Partners are provided with increased access to our home office personnel, registered representatives and investment adviser representatives (referred to herein collectively as "Representatives"). This access includes some or all of the following: (1) participation in sales conferences, (2) training and education seminar sponsorship, (3) receipt of MMLIS sales information and Representative lists, (4) access to various enhanced methods of communication with our Representatives, and/or (5) other services agreed to between the Strategic Partners and MMLIS. MMLIS also publicizes Strategic Partners and their products and services in proprietary marketing materials and/or websites, as well as providing links to Strategic Partners' websites. Strategic Partners also provide support

and help create targeted marketing campaigns for Representatives. You should be aware that the Strategic Partners pay MMLIS to be a part of the Strategic Partner Program, as discussed further below.

Each Strategic Partner makes cash payments to MMLIS to participate in the Strategic Partner Program. This compensation allows MMLIS to offset some of the expenses associated with offering the Strategic Partner's products and services (i.e., marketing, training and education, conferences and/or other expenses as permitted by applicable law), and gives the Strategic Partners access to resources and arrangements that we believe may enhance our Representatives' understanding of the Strategic Partner's products or services.

In 2023, the following investment companies made cash payments to MMLIS to participate as a Strategic Partner: American Funds, Brinker Capital, BlackRock, Invesco, BNY Mellon and Fidelity, in order of largest contribution to smallest contribution (if Strategic Partners contributed the same amount, they are listed in alphabetical order). No Strategic Partner paid more than \$5 million or less than \$500,000. These Strategic Partners are expected to make similar or larger payments in 2024.

None of the cash payments described in this section are made directly to the Representatives who sell these products and services (or their managers).

Strategic Partners make payments to MMLIS based on one, or a combination, of the following: 1) a percentage of initial and/or additional investment amount made by MMLIS customers, 2) a percentage of total assets sold by MMLIS, 3) a flat fee, 4) fee(s) for attending MMLIS conferences or events, and/or 5) other formula agreed upon between a Strategic Partner and MMLIS as permitted by applicable law.

MMLIS also has a Conference Partner Program with other investment companies that offer (1) mutual funds, ETFs, and Alternative Investments that are (a) available Investment Options in the Programs and/or (b) underlying investments in a Model or SMA Model, and/or (2) offer securities backed loans. Certain Sub-Managers are also part of the Conference Partner Program. These investment companies ("Conference Partners") contribute to and/or participate in MMLIS conferences and/or training meetings attended by Representatives. They also receive increased access to Representatives. The Conference Partner tier they select and the fee that they pay determines which conferences and training programs Conference Partners participate in and the level of access they receive.

In 2023, MMLIS received payments from each of the following Conference Partners, listed in order of largest contribution to smallest contribution (if Conference Partners contributed the same amount, they are listed in alphabetical order): First Trust, Morningstar, City National Rochdale, JPMorgan, iCapital, Donoghue Forlines, Franklin Templeton, LMCG, Northern Trust Asset Management, PIMCO, Russell Investments, SEI, Symmetry, and Goldman Sachs. The amount of payments from these Conference Partners ranged from \$75,000 to \$200,000. Each payment was used to offset some of the expenses of the applicable conference or training meeting. These Conference Partners are expected to make payments ranging from \$100,000 to \$250,000 in 2024. MMLIS also receives access to free educational services from Northern Trust Asset Management as a result of reaching a certain threshold of assets under management by Northern Trust Asset Management belonging to MMLIS clients.

MMLIS has other marketing support arrangements similar to but separate from the Strategic Partner Program described above. In 2023, MMLIS received \$500,000 or less from each of Franklin Templeton, Lord Abbett and JP Morgan (in order of largest contribution to smallest contribution). These payments are based on a percentage of assets under management belonging to MMLIS clients held by each investment company. These investment companies are expected to make similar payments in 2024.

MMLIS also received an annual conference credit of \$150,000 from NFS and expects to receive a similar payment in 2024.

MMLIS also has similar strategic partner and conference partner programs with variable annuity issuers. In 2023, MMLIS received payments from each of the following variable annuity issuers, listed in order of largest contribution to smallest contribution: Brighthouse, Equitable, Jackson National, Lincoln Financial, Allianz, Prudential, Nationwide, Corebridge Financial (formerly known as AIG), Pacific Life, and Transamerica. No company paid more than \$5 million. These variable annuity issuers are expected to make similar or larger payments in 2024. While these strategic partner and conference partner programs are unrelated to MMLIS's investment advisory business, some of the variable annuity issuers offer mutual funds and/or ETFs that are (a) available Investment Options in the

Programs and/or (b) underlying investments in a Model. Certain of the variable annuity issuers or their affiliates could become Sub-Managers.

MMLIS has created a program by which ETF providers can pay for advisor level data on ETF assets held through MMLIS's custodian, NFS. The fixed fee paid by the ETF providers is tiered, based on the level of data purchased, not on the asset levels of that ETF provider. The purchase of this data may result in the ETF providers having a greater portion of individual ETF sales based on their use of the information they receive to influence their marketing strategy.

As a fiduciary, we endeavor at all times to put the interest of our clients ahead of our own interest. Clients should be aware that the receipt of such compensation in connection with the Strategic Partner Program, Conference Partner Program, and other arrangements described above, creates a financial incentive for MMLIS and its Representatives to favor Strategic Partners, Conference Partners and other companies that participate in these arrangements when making recommendations to clients. Specifically, MMLIS has a financial incentive to recommend the mutual funds, ETFs and Alternative Products provided by Strategic Partners, Conference Partners and other participating companies over mutual funds, ETFs and Alternative Products offered by entities that do not make marketing support payments to MMLIS, and to recommend the Strategic Partners, Conference Partners and other participating companies over Sub-Managers that do not make marketing support payments to MMLIS or contribute to or participate in MMLIS conferences or training meetings. You should also be aware that the rate associated with marketing support and conference support payments differs among certain of the Strategic Partners and other participating companies, and the basis on which the payments are calculated differs among certain of the Strategic Partners, Conference Partners and other participating companies. Therefore, MMLIS has a financial incentive to favor those Strategic Partners, Conference Partners and other participating companies whose payment structure would result in the most compensation for MMLIS. We address this conflict by assuring that MMLIS's Representatives (and their managers) do not share in the compensation received by MMLIS and do not receive differential compensation based on whether clients are invested in the mutual funds, ETFs, Models or SMA Models offered by Strategic Partners, Conference Partners and other companies that participate in these arrangements. Investment companies are not required to participate in MMLIS's Strategic Partner or Conference Partner Program or other similar programs for their products to be Investment Options in the Program.

Clients should also be aware that marketing or educational activities paid for with these payments lead to greater exposure of Strategic Partner's, Conference Partner's and other participating companies' products and services with the Firm's RRs and IA-Reps. Therefore, these payments create an incentive, and lead to a greater likelihood, for the Firm or its IA-Reps to make available and recommend (or select on a client's behalf) the model of a Strategic Partner or a Conference Partner (or other participating company) over the model of another entity, or a Sub-Manager who is a Strategic Partner or a Conference Partner (or other participating company) over other Sub-Managers. These payments are in addition to the fees received by the Firm under the Programs and any distribution or servicing fees described above.

For marketing support arrangements where the payment amount is based on assets under management invested in a Strategic Partner's products, MMLIS instructs its Strategic Partners to exclude assets from (i) qualified retirement plan accounts and IRAs, and (ii) accounts for clients located in Massachusetts, from the payment calculation.

From time to time, the Firm and its IA-Reps receive other compensation from (i) fund companies that issue mutual funds and/or ETFs that are Investment Options or underlying securities in a Model or SMA Model in a Program, and (ii) Sub-Managers of Models that are Investment Options in a Program. Such fund companies and Sub-Managers sponsor their own conferences for training and educational purposes, which certain of the Firm's IA-Reps are invited to attend. In addition to the Firm's IA-Reps attending these conferences without charge, these fund companies and Sub-Managers also reimburse or pay for the travel and other related expenses incurred by the Firm's IA-Reps or reimburse a Firm's branch office for expenses related to dinners or events for clients and other miscellaneous business-related expenses incurred by IA-Reps. Some fund companies and Sub-Managers provide free investments tools to IA-Reps. These conferences, reimbursements and access to free investments tools create an incentive for the Firm and the IA-Reps to make available and recommend (or select on a client's behalf) the mutual funds and/or ETFs provided by the sponsoring fund companies and the Models managed by the sponsoring Sub-Managers. These fund companies and Sub-Managers may also provide nominal gifts to the Firm's IA-Reps.



The Firm enters into certain agreements with various organizations and associations pursuant to which such entities endorse financial products and services offered by or through the Firm and its affiliates. Typically, such entities provide access to their members in exchange for a flat fee or other negotiated compensation arrangement permitted by applicable law.

The Firm enters into marketing arrangements with third parties ("Promoters" or "Solicitors") who will receive compensation from the Firm for referring prospective investment advisory clients to the Firm. Where required by federal or state law, each marketing arrangement will be governed by a written agreement between the Firm and the Solicitor. Clients who are referred to the Firm through a Solicitor will be provided with copies of a separate disclosure statement by the Solicitor that describes the material terms of the compensation arrangement between the Firm and the Solicitor, any material conflicts of interest resulting from the relationship between the Firm and the Solicitor, and whether the Solicitor is a client of the Firm, and any other information or document required to be provided under applicable law. The fees and expenses that the Firm pays to a Solicitor under these referral arrangements are not passed on to referred clients, but depending on the circumstances, the existence of such marketing or referral arrangements may affect the amount of the Firm's overall fees or its willingness to negotiate fee reductions in particular instances.

Under these marketing arrangements, a Solicitor introduces prospective clients to the Firm or an IA-Rep to further discuss with the IA-Rep whether the Firm's investment advisory services, including a Program, may be appropriate for the prospective clients. The Solicitor's sole responsibility under the marketing arrangement is to refer prospective clients to the Firm or an IA-Rep and may not provide investment advice to prospective clients or the Firm's clients on behalf of the Firm or the IA-Reps.

The Firm and certain banks and credit unions (collectively "Financial Institutions") have entered into alliance arrangements where employees of Financial Institutions may refer individuals who may be interested in learning more about the Firm's advisory services to IA-Reps. The Firm will share a portion of the fees earned by the Firm with Financial Institutions for referring individuals who eventually obtain advisory services from the Firm. Employees of the Financial Institutions are not authorized to provide investment advice, or discuss the features of, or qualify individuals for, advisory services, on behalf of the Firm. Employees of Financial Institutions may receive nominal compensation for referring individuals to IA-Reps regardless of whether such individuals obtain advisory services from the Firm. To the extent that a referred client participates in a Program, the compensation paid to Financial Institutions, or their employees as described herein can increase or otherwise affect the fees a customer pays for obtaining advisory services from the Firm. The fees and expenses that the Firm pays to a Financial Institution under these arrangements are not passed on to referred clients, but depending on the circumstances, the existence of such marketing or referral arrangements can affect the amount of the Firm's overall fees or its willingness to negotiate fee reductions in particular instances.

If a MMLIS WMIT Model or a MMLIS Strategist Model is selected for client's Account, a Sub-Manager fee is paid to MMLIS (including the MMLIS Strategist, if applicable) for investment management services. MMLIS therefore receives a higher portion of the Client Fee if Client selects a MMLIS WMIT Model or a MMLIS Strategist Model than if client selects a Model managed by an unaffiliated third-party Sub-Manager in the Programs or in other MMLIS advisory programs. As a result, and due to the MMLIS WMIT's and the MMLIS Strategist's affiliation with the Firm, MMLIS and its IA-Reps have a conflict of interest and incentive to recommend Models managed by MMLIS WMIT and Models managed by a MMLIS Strategist over Models managed by unaffiliated third-party Sub-Managers, or other MMLIS advisory programs or models where MMLIS does not receive a Sub-Manager Fee. The Firm addresses this conflict of interest through its compensation structure, as MMLIS IA-Reps recommending Models in the Program do not receive any more or less compensation for recommending a MMLIS WMIT Model or a MMLIS Strategist Model for Client's Account over unaffiliated third-party Sub-Managers or unaffiliated money managers available in other MMLIS advisory programs.

Envestnet pays the Firm a fee to attend Firm sponsored sales and/or training conferences. Envestnet generally networks with and provides training to the IA-Reps and Firm personnel during these conferences. The fee received by Firm is used to offset expenses associated with hosting the conferences and is not paid to the IA-Reps or other associated persons. While the IA-Reps do not receive a portion of the fee, the IA-Reps may be more likely to recommend the Program to prospective clients because of the education and the exposure they receive on the Program and/or Envestnet.

Your IA-Rep is compensated by the Firm and its affiliates for the services described in this brochure, for other advisory services provided to customers and for the sale, renewal and servicing of various investment products. Your IA-Rep's overall compensation includes base commissions and other forms of compensation that vary from product to product, service to service, and/or by the amount of the assets in his or her clients' accounts. You should be aware that the amount of his or her compensation will increase in part based upon the opening of your account and the amount of assets in your account within a defined period of time. He or she also is eligible for additional cash compensation (such as medical, retirement and/or other benefits) and non-cash compensation (such as conferences, rewards, recognition, matching of charitable contributions, trips and sales support services) based upon similar criteria, including overall sales and productivity, as applicable. Your IA-Rep's manager may also offer rewards, recognition and trips based upon similar criteria. Also, IA-Reps are required to meet minimum overall sales requirements in order to continue their affiliation with MassMutual and its affiliates and/or to continue to qualify for certain compensation arrangements described above.

In addition, certain IA-Reps are eligible for loans to assist with their transition to become insurance agents of MassMutual. If these IA-Reps achieve specified sales goals, which can include the amount of assets invested in advisory programs (including the Programs), some or all of the loan can be forgiven, or MassMutual could pay additional compensation to the IA-Rep to offset the loan repayment.

MMLIS also has a loan program for new and existing IA-Reps as an incentive for them to join or stay at MMLIS. MMLIS expects IA-Reps to use the loans to purchase another IA-Rep's book of business. The amount of the loan available for an existing IA-Rep is based on total client assets attributable to the IA-Rep. For this purpose, total client assets include assets across the advisory programs for which MMLIS serves as the broker-dealer and are custodied with NFS (including the Programs). Advisory programs for which MMLIS serves as the broker-dealer and are custodied with NFS are referred to herein as NFS Custodied Programs. For a new IA-Rep, the amount of the loan is based on a combination of the assets attributable to the IA-Rep from the IA-Rep's previous investment adviser that are likely to transfer into and the assets that do transfer into an NFS Custodied Program (including any of the Programs). These loans are not forgivable.

These loan programs create an incentive for IA-Reps (existing and new) to recommend the Programs over (i) advisory programs that are not NFS Custodied Programs, and (ii) other types of accounts and services offered by MMLIS and, because the amount of the loan available increases as the amount of assets in NFS Custodied Programs increases, to recommend larger investments in the Programs. This incentive applies to both the initial recommendation to open an account in a Program and recommendations to make subsequent contributions to such account. These loan programs also create an incentive for new IA-Reps to recommend clients transfer assets into the Program rather than leaving the assets with the IA-Rep's previous investment adviser.

Certain IA-Reps receive a different level of service from MMLIS's service center. These IA-Reps receive more personalized attention from a dedicated service team. The criteria to qualify for this higher level of service is based on assets attributable to the IA-Rep that are invested in NFS Custodied Programs (including the Program) and MassMutual Trust Company Accounts. The opportunity to qualify for a higher level of service creates an incentive for IA-Reps to recommend the NFS Custodied Programs (including the Program) over (i) advisory programs that are not NFS Custodied Programs, and (ii) other types of accounts and services offered by MMLIS, and to recommend larger investments in the Programs. This incentive applies to both the initial recommendation to open an account in an NFS Custodied Program (including the Program) and recommendations to make subsequent contributions to such account.

Therefore, your IA-Rep has an incentive to offer you the programs referenced in this Brochure in order to meet these requirements and qualify for these benefits and services, and to recommend that you increase the amount you have invested in such programs. Additionally, your IA-Rep's manager is compensated by the Firm and its affiliates generally based on overall sales goals, including those that include the Program referenced in this Brochure, achieved by the IA-Reps whom they supervise and may qualify for additional compensation based on non-sales related factors as set by the Firm and/or its affiliates from time to time. Other incentives based on the amount of assets invested in NFS Custodied programs apply to certain managers. Generally, the manager's compensation is aligned with that of your IA-Rep, as noted above. MMLIS addresses these conflicts of interest by disclosing them to clients, and supervising account and program recommendations for compliance with its fiduciary duty to clients.

MMLIS pays Envestnet and NFS a fee for the services that they provide in the Program. MMLIS pays Envestnet an annual licensing fee. MMLIS pays Envestnet an additional, tiered platform fee in the event MMLIS exceeds a level of assets under management in the advisory programs on Envestnet's platform. For all of its advisory program accounts held at NFS, MMLIS pays fees to NFS relating to clearing, custody and administrative services that NFS provides for these accounts.

### **American Endowment Foundation Donor Advised Fund Service**

MMLIS offers the American Endowment Foundation ("AEF") Donor Advised Fund service. A client ("Donor") may elect to utilize this service to make irrevocable donations to the American Endowment Foundation Advised Fund Service, and may be able to use such donations as tax deductions. A Donor cedes control of donated assets to American Endowment Foundation, and has no authority to change investment decisions on accounts using the service. Donors should refer to the AEF Program Description and AEF Application for additional information regarding establishing a donor-advised account with American Endowment Foundation. Assets donated to the American Endowment Foundation through this service will be managed by MMLIS and may be invested in the Program.

*Administrative Fee.* The Administrative Fee charged by the American Endowment Foundation for this service ranges from 0.10% to 0.70% (subject to a minimum of \$125 per quarter) depending on the amount of assets donated.

### **Other Disclosures**

#### *Trade Errors*

The Firm attempts to effect transactions promptly, unless market conditions, technology failures, trading volumes or other matters beyond our control preclude us from accurately processing transactions on the order date. Under these circumstances, the Firm will process the transactions as soon as practicable. Should a trade error occur and the error correction results in a gain, the gain will be kept by the Firm. Gains that are captured due to trade errors are placed in the Firm's general account and may be used at the Firm's discretion. If gains are not used to cover an expense within a fiscal year, such gains will be considered a profit and used for the benefit of the Firm. If the error correction results in a loss, the amount of the loss will not be charged to the client. In addition, clients will not bear any costs associated with the correction of an error.

#### *MMLIS Sweep Program*

MMLIS provides "cash sweep" programs (each a "Sweep Program") where uninvested cash balances (such as from securities transactions, dividends, interest payments, or deposits) in a client's Account are deposited into a selected Sweep Program each business day. In certain circumstances, including periods of volatile or uncertain market conditions, any such Sweep Program may comprise all or a substantial portion of the Account assets based on, for example, concerns about the market, a decision to pursue a defensive investment strategy, or for cash management purposes. The Firm, in its capacity as broker-dealer, selects the Sweep Program for client's Account. Please review the Program Agreement, as well as other account opening documents or if applicable, communications provided by the Firm, for information about the Sweep Program utilized for your account. The Firm provides two primary Sweep Programs for accounts in the UMA Programs, the Advantage Cash Sweep Program ("ACS") and the Insight Cash Sweep Program ("ICS"). For the UMA Programs, all non-retirement accounts utilize the ACS program and all individual retirement accounts (IRAs) utilized the ICS program. Accounts that are ineligible for the ACS or ICS programs will utilize a money market fund designated by the Firm as the sweep option for Client's Account. Clients utilizing a money market fund sweep option should review the fund prospectus provided for more information.

Please review the Disclosure Documents for the ACS and ICS programs provided to you for more information about how these Sweep Programs work, including limitations, restrictions, how changes are implemented and additional discussion of conflicts. For current interest rates (and fees) for the ACS and ICS programs, please contact your MMLIS IA-Rep or go to the following URL: <https://fieldnet.massmutual.com/public/mmlisi/pdfs/bdsp-elig-reg-types.pdf>. For a copy of the Disclosure Documents for the ACS and ICS programs, please contact your IA-Rep or go to the following URL: <https://www.massmutual.com/investment/mmlinvestors/>.

MMLIS receives important and significant compensation and benefits from client use of the ACS and ICS programs. The compensation we receive from these sweep programs is in addition to the advisory fees that you

pay (described further below under Item 5). This means that the Firm earns two layers of fees on the same cash balances in your Account with MMLIS.

The ACS and ICS programs are multi-bank programs under which client funds not otherwise invested (e.g., cash balances) are swept into deposit accounts held at one or more participating FDIC-insured banks (and in some cases, into shares of a money market fund). Clients earn interest on such deposits (and dividends on investments in a money market fund, where applicable). The ACS and ICS programs are made available and administered by NFS and a designated administrator ("Administrator"), which both also earn fees in connection with record keeping and other services provided for the ACS and ICS programs. Fees for the ACS and ICS programs will typically exceed the interest paid on client deposits. If NFS did not earn fees in connection with the ACS and ICS programs, NFS would likely charge us higher fees for providing their clearing services.

Under the ACS and ICS programs, NFS or the Administrator generally contracts with participating banks to make specific amounts of deposit capacities available at certain all-in funding rates, which are typically tied or related to the Federal Funds Rate (or a similar type of metric, composite, index, etc.). Client interest as well as ACS and ICS program fees (i.e., the compensation received by MMLIS, NFS and the Administrator) are paid from the bank's all-in funding rates. All-in funding rates (generally a percentage applied to average daily program deposits at the bank), may be fixed, variable, subject to capacity and other requirements or a combination thereof. Capacity levels may be subject to minimums and maximums. Contract terms with each participating bank are unique and are expected to change over time. Accordingly, at any given time, participating banks will generally be paying different all-in funding rates notwithstanding interest earned by clients on their sweep deposits will not vary regardless of where their funds are actually swept. Moreover, changes in the Federal Funds Rate (or other applicable factor) will not immediately affect all-in funding rates paid or interest rates offered under the ACS and ICS programs.

The Firm sets its compensation based on grids and formulas provided by NFS and/or the Administrator, but MMLIS is solely responsible for establishing its compensation levels under ACS and ICS programs. Thus, the higher the compensation received by MMLIS, NFS and the Administrator, the less available to pay client interest. The Firm will set its compensation levels for the ACS and ICS programs based on prevailing economic and business conditions, which are subject to change at any time. It is expected that the vast majority of the all-in funding rates paid by the banks will be paid to MMLIS, NFS and the Administrator. The Firm expects its compensation for the ACS and ICS programs will generally range from 60-85% of the Targeted Federal Funds rate on ACS and ICS program deposits, and vary by the amount of uninvested funds or cash included in the ACS and ICS programs. Accordingly, the interest rate clients receive on ACS and ICS program deposits will be lower than the all-in funding rates paid by the banks under these programs and will likely be lower than the rate of return on (i) other investment vehicles that are not FDIC-insured, such as money market mutual funds and (ii) on bank deposits offered outside of the ACS and ICS programs. MMLIS may change its compensation levels for the ACS and ICS programs and any such reductions or increases may vary between clients.

The more client deposits held in ACS program and the longer such deposits are held, the greater the compensation MMLIS, NFS and the Administrator receive. Different banks participating in the ACS program pay different all-in funding rates (and are subject to different contractual requirements), creating an incentive for the Administrator to direct ACS program deposits to banks (through how the ACS program bank priority list(s) are designed or changed from time to time) that result in the Firm receiving greater compensation. Both MMLIS and NFS receive more compensation with respect to amounts in the ACS and ICS programs than with respect to other sweep products. The fees MMLIS receives in connection with ACS and ICS programs create a conflict of interest and incentive for the Firm to offer and designate these programs as the cash sweep option for client accounts. In addition, the fees MMLIS receives in connection with the ACS and ICS program creates a conflict of interest and incentive for the Firm and your IA-Rep to recommend you maintain or maintain (if your IA-Rep has discretion), and/or increase cash balances in your Account, as cash balances in your Account increase compensation to MMLIS under the ACS and ICS programs. Please note your IA-Rep has an indirect conflict of interest due to their affiliation with MMLIS; the Firm does not share any compensation it receives from the ACS or ICS programs with your IA-Rep. The ACS and ICS programs are the only sweep options available for accounts in the UMA programs, unless such accounts are ineligible for the ACS or ICS programs.

Banks in the ACS and ICS programs do not have a duty to provide MMLIS clients with the highest interest rates available and will instead seek to pay a lower rate, and a rate that is lower than other options available in the market, including money market mutual funds. Banks have the financial incentive to pay all-in funding rates as

low as the market will permit. There is no necessary linkage between bank rates of interest and the highest rates available in the market, including any money market mutual fund rates. By comparison, a money market fund generally seeks to achieve the highest rate of return (less fees and expenses) consistent with the fund's investment objective, which can be found in the fund's prospectus.

NFS also receives an economic benefit for shares held in the "Money Market Mutual Fund Overflow" as further described in the ACS and ICS Disclosure Documents. The fee paid to NFS is for record keeping and other services with respect to amounts invested in the program. MMLIS may receive indirect benefit from investment in the Money Market Mutual Fund Overflow in the form of better contractual terms with NFS or increases to revenue sharing, credits or other payments from NFS described in this brochure.

Given the conflicts discussed above, each client should consider the importance of ACS and ICS programs to MMLIS when evaluating our total fees and compensation, and deciding whether to open an account with MMLIS and/or the UMA Programs. MMLIS mitigates these conflicts by disclosing them to you, such as in this brochure, and by not sharing the revenue generated from these sweep programs with MMLIS IA-Reps. For more information about this service and benefits that the Firm receives in connection with such deposits, please refer to the ACS and ICS Disclosure Documents, which you can request from your IA-Rep.

In low interest rate environments, ACS and ICS program fees can exceed the interest paid on client deposits in these programs. Please review the Disclosure Documents for the ACS and ICS programs regarding low interest rate environment scenarios.

#### *Legacy Bank Sweep Program*

For certain non-retirement accounts opened between February 1, 2023 and April 30, 2023, clients may have selected by the Firm's legacy bank deposit sweep program ("Legacy BDSP") as the cash sweep option for client's account. MMLIS earns fees from NFS on funds invested in the Legacy BDSP. MMLIS receives a higher amount in fees than client on funds invested in the bank sweep arrangement. In addition, as interest rates rise, the payment to the Firm receives from NFS increases. As a result, MMLIS has an incentive for clients to select the bank sweep arrangement Legacy BDSP as a cash sweep option. MMLIS mitigates this conflict by disclosing it in this brochure and by not sharing any fees received from the Legacy BDSP with its IA-Reps. In addition, IA-Reps do not receive any more or less compensation based on what cash sweep option is selected by a client. Clients should review the Legacy BDSP Disclosure Document for more information regarding the Legacy BDSP.

NFS and the financial institutions that participate in the Legacy BDSP also earn fees in connection with the offering and/or administering the arrangement. MMLIS is not affiliated with NFS or any of the banks participating in the Legacy BDSP. MMLIS and its affiliates may offer and provide products and services to NFS, such participating banks and each of their employees, officers, directors, agents and independent contractors in MMLIS's normal course of business.

#### *NFS Excess Trading Fee*

MMLIS does not pay transaction fees to NFS and MMLIS does not charge transaction fees to clients. However, when the number of trades in a client's Account exceeds a certain threshold within a certain period of time, NFS will charge MMLIS a set fee per trade. MMLIS does not pass this fee on to the client. This presents a conflict of interest because MMLIS has an incentive to limit the number of trades in a client's Account below the threshold that would lead to NFS charging MMLIS a transaction fee. This conflict is mitigated with respect to trading outside of third-party Models and SMA Models because the threshold is high relative to average trading volumes. With respect to trading in third-party Models and SMA Models, Sub-Managers, not MMLIS or IA-Reps, have discretion over these trades.

Transactions in NTF and INTF mutual fund share classes, Fidelity funds, cash and cash equivalents are not counted towards the threshold. As a result, this conflict does not apply to transactions in these investments.

#### *Incentives Relating to Electronic Delivery*



When the number of MMLIS accounts that are custodied at NFS reach certain thresholds of adoption of electronic delivery of statements and confirmations, the percentage used to calculate MMLIS's fee to NFS decreases. In addition, NFS charges MMLIS a fee for every account that receives statements and confirmations by U.S. mail. These economic arrangements create an incentive for MMLIS to encourage clients to adopt electronic delivery (by charging fees for paper delivery, for example).

#### *Incentives Relating to Transferring Investments to an Advisory Account*

MMLIS's Registered Representatives that are also IA-Reps of MMLIS have an incentive to recommend clients transition brokerage or direct accounts to an advisory account after clients have purchased or sold investments resulting in commissions or other fees. MMLIS mitigates this conflict when MMLIS is the broker-dealer for the transferring investment through its fee forgiveness program. See "Fee Forgiveness" in Item 4 for additional information about fee forgiveness.

Except for quarterly performance reports delivered electronically to advisory account clients, MMLIS charges its Registered Representatives a fee for providing quarterly performance reports to clients. This creates an incentive for MMLIS's Registered Representatives to recommend clients transition brokerage accounts to advisory accounts.

MMLIS addresses these conflicts by disclosing them to clients and supervising account and program recommendations for compliance with its fiduciary duty to you.

#### *IRA Rollovers – Conflict of Interest and Incentive*

MMLIS and IA-Reps have a conflict of interest and incentive to recommend IRA rollovers from a 401(k) or other employer-sponsored retirement account in order to earn compensation on investment recommendations for the IRA account. Fees and costs for investments acquired for an IRA account (including the Program), and compensation generated for us from these transactions generally are higher than those for investments and transactions in employer-sponsored retirement accounts. There are also certain benefits associated with employer-sponsored retirement accounts that are not available with an IRA account. MMLIS addresses this conflict by disclosing it to clients and supervising account and program recommendations for compliance with its fiduciary duty to you.

#### *Additional Information About Envestnet*

Certain Investment Options are managed or provided by Envestnet or an advisory firm that is an affiliate of Envestnet. In such instances, Envestnet may have an indirect financial incentive to include such Investment Options in the Program. For any Investment Option that Envestnet recommends or selects for the Program, Clients should refer to the prospectus for each mutual fund and ETF, each Sub-Manager Brochure or other applicable disclosure document for an Investment Option. Clients should also refer to the Envestnet Brochure for a description of Envestnet's due diligence process.

#### *Corporate Actions*

The Firm and its IA-Reps' responsibility under the Program does not include taking any action or rendering any advice with respect to proxies, consents, waivers or other documents regarding any securities held in client's Account. To the extent that MMLIS WMIT votes proxies, MMLIS WMIT uses a third-party proxy voting service and complies with the requirements of Rule 206(4)-6. A copy of MMLIS' proxy voting policy is available upon request. Except with respect to voluntary corporate action notices, the client has the responsibility for responding to proxies, consents, waivers and other documents with respect to any securities held in a client's Account. Such notices may be received from NFS or the issuer's corporate communications service provider. Provided that Envestnet timely receives voluntary corporate action notices, Envestnet will determine on behalf of the client whether the client's Account will participate in particular voluntary corporate actions. Envestnet will make such determinations in its full discretion, consistent with its policies and procedures. Client should refer to the Envestnet Brochure for additional details on its policies and procedures in this regard.

#### *Timeliness of Transactions*

MMLIS will process transactions unless market conditions, technology failures, trading volumes or other matters beyond the Firm's control preclude us from accurately processing transactions on the order entry date. In those circumstances, we will process the transactions as soon as practicable. MMLIS has no responsibility for any consequences relating to, either directly or indirectly, any such delays in transactions.

### *Making an Informed Decision*

The Firm wants its clients to make an informed decision when they purchase products or receive services from the Firm's RR or IA-Rep. Therefore, the Firm is disclosing material arrangements and any potential conflicts of interest that clients may find informative when making their decisions. In addition to providing disclosures to its clients, the Firm, on an ongoing basis, communicates, trains and/or supervises its RRs and IA-Reps on its policies and procedures regarding conflicts of interest.

Furthermore, when an RR or an IA-Rep makes a product or program recommendation to a client, the Firm reviews whether the recommendation is suitable for client against any financial information provided by the client, such as the client's risk tolerance, time horizon and investment objective. Nevertheless, clients should always carefully and independently review all product or program features and risks, along with any applicable disclosures before making any investment decisions.

### *Financial Information*

The Firm does not require clients who participate in any of the Programs to prepay its fees six months or more in advance. Additionally, the Firm does not have any material financial conditions that would impair its ability to meet its contractual commitments to clients. Clients should review the Envestnet Brochure for any disclosures that Envestnet may be required to make under this Item.

## **Important Notices to Clients**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask you for your name, address, date of birth and other information that will allow us to identify you. We may ask to see your driver's license or other identifying documents. Similarly, we will ask for identifying information and/or documents for accounts opened on behalf of an entity, rather than an individual (e.g. trusts, corporations). If you cannot provide the information or documentation we require, we may be unable to open an account or effect a transaction for you.

### **PRIVACY POLICY**

We recognize that our relationships with you are based on integrity and trust. As part of that trust relationship, we want you to understand that in order to provide our products and services to you, we must collect, use and share personal information about you. This Privacy Notice describes policies and practices about how we protect, collect and share personal information related to the financial products and services you receive from us. It also describes how you can limit some of that sharing.

#### ***We Protect Your Personal Information By:***

- Using security measures that include physical, electronic and procedural safeguards to protect your personal information from unauthorized access or use in accordance with state and federal requirements.
- Training employees to safeguard personal information and restricting access to personal information to employees who need it to perform their job functions.
- Contractually requiring business partners with whom we share your personal information to safeguard it and use it exclusively for the purpose for which it was shared.

#### ***Personal Information We May Collect:***

The types of personal information we may collect depends on the type of product or service you have with us and may include:

- Information that you provide to us on applications or forms, during conversations with us or our representatives, or when you visit our website (for example, your name, address, Social Security number, date of birth, income and assets).
- Information about your transactions with us and our affiliates, including your account balances and transactional history.
- Information from third parties such as consumer or other reporting agencies or other institutions if you transfer positions or funds to us.

#### ***We May Share All of the Personal Information We Collect, As Described Above, With:***

- Registered representatives who provide our products and services to you;
- Our affiliated companies, such as insurance or investment companies, insurance agencies or broker-dealers that market our products and services to you;
- Companies that perform marketing or administrative services for us;

- Nonaffiliated companies in order to perform standard business functions on our behalf including those related to processing transactions you request or authorize, or maintaining your account;
- Courts and government agencies in response to court orders or legal investigations;
- Credit bureaus; and
- Other financial institutions with whom we may jointly market products, if permitted in your state.

In addition, we may share certain of your personal information with your registered MMLIS representative, when he or she leaves MMLIS to join another financial institution (whom we call a “departing representative”) so that he or she can continue to work with you at his or her new firm.

### **Important Privacy Choices**

MMLIS respects your privacy choices. If you prefer that we do not share your personal information about your accounts held with us with your departing representative, you can opt out of such sharing, that is, you may direct us not to do so. If you wish to opt out of the sharing of your personal information with your departing representative you may:

- Call us at (855) 520-7715.

You may make this privacy choice and contact us at any time, however, if we do not hear from you we may share your information with your departing representative as described above. If this is a joint account, if one joint owner tells us not to share information that choice will apply to the other owner or owners. If you have already told us your choice, there is no need to do so again.

Other than as described above, we will only share your personal information as permitted by law and, if the law requires us to obtain your consent or give you the opportunity to opt-out of some types of sharing, we will do so before sharing the information.

For California and Vermont residents, we will not share your personal information with your departing representative unless we receive your express consent.

If you are no longer our customer, we may continue to share your personal information as described in this Privacy Notice.

If you have questions or concerns about this Privacy Notice, please contact us at (855) 520-7715.