

# MERRILL GUIDED INVESTING

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## WRAP FEE PROGRAM BROCHURE

Please retain for your records

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This Brochure provides information about the qualifications and business practices of Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”) and Managed Account Advisors LLC (“MAA”) relating to Merrill Guided Investing (the “Program”), an online investment advisory program.

Information about the Program, including a copy of this Brochure, can be accessed at [merrilledge.com/guided-investing](https://merrilledge.com/guided-investing). Additional information about MAA and MLPF&S also is available on the SEC’s website at [adviserinfo.sec.gov](https://adviserinfo.sec.gov). If you have any questions about the contents of this Brochure, please contact us at 877.444.0916.

Please note that 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. Investment adviser registration does not imply a certain level of skill or training.

The investment advisory services described in this Brochure are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other government agency, are not a deposit or other obligation of or guaranteed by MLPF&S, MAA or Bank of America Corporation (BofA Corp.) or any of their affiliates and are subject to investment risks, including possible loss of principal.


**March 22, 2024**

Merrill Edge, available through Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”), consists of Merrill Edge Advisory Center (investment guidance) and self-directed online investing. MLPF&S is a registered broker-dealer, Member SIPC and a wholly owned subsidiary of Bank of America Corporation.

Investment products:

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## ITEM 2. MATERIAL CHANGES

On March 20, 2023, MLPF&S and MAA each filed its last annual update to its Merrill Guided Investing program brochure ("Brochure"). The summary of material changes is designed to make clients aware of information that has changed since the Brochure's last annual update on March 20, 2023 or that may be important to them. It also sets forth changes as well as enhancements made in this annual update as well as those made since the 2023 annual update, which were previously communicated.

### MATERIAL CHANGES AND ENHANCEMENTS MADE AS PART OF THIS ANNUAL UPDATE

- We have modified disclosures to add descriptions of new Strategies designed for a new income-focused investing goal type available for Accounts in the Program that incorporates recurring withdrawals by clients through stated-end years. We have also updated certain disclosures to clarify that the other Strategies already available through the Program are designed for a growth-focused investing goal type. In particular, we updated disclosures in Items 4, 5 and 6 to reflect the investment advisory and other services available through the Program to include the new income-focused goal type, the new Strategies and particular risks associated with the new Strategies.
- We enhanced our disclosures by providing additional information regarding the treatment of cash balances and the nature of the Cash Sweep Program and about the cash allocation of the Strategies for operational and implementation and/or investment purposes. See "Item 4 Treatment of Cash Balances in your Account;" "Item 4 Brokerage, Banking-Related and Custodial Arrangements and Services;" "Item 4 Funding and Operation of Accounts;" "Item 9 Compensation, Conflicts of Interest and Material Relationships—Cash Sweep Program Compensation Received by Us and Our Affiliates;" and "Item 9 Participation or Interest in Client Transactions and Conflicts of Interest."

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### MATERIAL CHANGES AND ENHANCED DISCLOSURES MADE SINCE THE LAST ANNUAL UPDATE

Set forth below are material changes and enhancements that have been already made to the Brochure since the last annual update in March 2023:

#### MAY 19, 2023 BROCHURE UPDATE

##### **Material Changes and Enhancements:**

- We updated Item 9 "Additional Information" at the heading "Disciplinary Information" as follows: "On April 3, 2023, the SEC issued an administrative order in which it found that MLPF&S had willfully violated Section 206(2) and (4) of the Advisers Act and Advisers Act Rule 206(4)-7. Specifically, the order found that from May 12, 2016 through June 29, 2020: (1) wrap fee advisory program agreements and ADV brochures contained a material misstatement because, while disclosing that MLPF&S charged a mark-up or mark-down on foreign currency exchanges, the disclosure did not also state that an additional fee referred to as a production credit was also charged and (2) there was a failure to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act in connection with disclosures relating to currency transfers requiring foreign currency exchanges that it processed for its wrap fee clients. MLPF&S, without admitting or denying the findings, consented to the imposition of a cease-and-desist order, censure, payment of disgorgement, prejudgment interest and a civil penalty totaling \$9,694,714."

- We updated the Brochure to disclose that we have made available the ability for clients to enroll in the optional automatic withdrawal service for Accounts through the Program Website. See Item 4 at "Funding and Operation of Accounts".
- We updated the Brochure to inform clients that we may fully or partially waive or reduce an Account's Program Fee in certain instances and in our discretion, including as part of promotional activities that we determine to offer from time to time. See Item 4 at "The Program Fee and Other Charges."

#### OCTOBER 27, 2023 BROCHURE UPDATE

##### **Material Changes and Enhancements:**

- We updated our disclosure to provide that Merrill and its Affiliates limit the overall aggregate ownership of certain Registered Funds by certain Program Accounts to avoid potential restrictions on the ability of our Affiliates to engage in principal trading and other transactions with those Registered Funds. See "Item 9 Participation or Interest in Client Transactions and Conflicts of Interest—Activity by Merrill, Affiliates and Personnel."

#### JANUARY 5, 2024 BROCHURE UPDATE

##### **Material Changes and Enhancements:**

- We modified our policies to provide that participating Third-Party Firms can reimburse Merrill for the eligible costs of training and educational seminars and meetings with Merrill financial professionals and clients and related to business meals as disclosed in "Item 9 Compensation, Conflicts of Interest and Material Relationships-Third-Party Firm Business Relationships and Support."

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***All capitalized terms used in the Brochure are defined in the body of this Brochure or in the Glossary.***

# Merrill Guided Investing

## Wrap Fee Program Brochure

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### About Us and the Program

Both Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") and its Affiliate, Managed Account Advisors LLC ("MAA"), offer investment advisory services under the Merrill Guided Investing Program ("Program") as discussed in this Form ADV Brochure ("Brochure"). Both MLPF&S and MAA are registered with the U.S. Securities and Exchange Commission ("SEC") as investment advisers and MLPF&S is registered as a broker dealer. Our parent company, Bank of America Corporation ("BoFA Corp."), through Bank of America, N.A. ("BANA") and other of its Affiliates, provides integrated investment services and is a leading banking institution for consumers, corporations and institutions.

When we use the terms "Merrill," "we," "our" or "us" in this Brochure, we are generally referring to MLPF&S. We also use the terms "Merrill," "we," "our" or "us" to apply to both MLPF&S and MAA for those aspects and services of the Program that MLPF&S and MAA perform jointly. We also indicate where certain services are provided by MAA in its separate capacity.

**Our Services as an Investment Adviser and Relationship with You under the Program.** The Program is designed to help you pursue your investing goals by providing you with investment advice, guidance and access to advisory services and investment solutions and other services as described in this Brochure ("Services" or "Program Services") delivered through the Program's interactive website at [merrilledge.com/guided-investing](https://merrilledge.com/guided-investing) (the "Program Website"). By accessing the Program Website, you work with our interactive profiling and goal setting process (the "Online Profiling Process") to establish your goal and objective and select an aligned investment strategy available in the Program and receive the other services described in this Brochure.

Generally, the Program is designed for clients who are

- Comfortable with online access.
- Want to receive the Program Services, including target asset allocation and other monitoring as described in this Brochure.
- Are comfortable with the investment choice of a limited set of managed investment strategies complementary to their investment profile.
- Are willing to pay an asset-based fee for investment solutions through managed investment strategies.

The Program is generally not for clients who have more complex needs, desire access to a larger offering of investment solutions and strategies or have a preference for frequent in-person interactions with a dedicated financial advisor. While enrolled in the Program, your Account's assets can be allocated to cash at various amounts for one or more investment and/or operational purposes at the same or different times as described throughout this Brochure.

Both Merrill and MAA provide services under the Program in their capacity as a registered investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). To obtain the Program services, you will enter into a written agreement with us ("Agreement") that expressly acknowledges our investment advisory relationship with you and describes our obligations to you under the Program. The Agreement will cover the Merrill brokerage account that is enrolled in the Program ("Account"). The scope of our investment advisory relationship is defined in the Agreement. Termination of an Account's enrollment in the Program will end that investment advisory fiduciary relationship with respect to that Account and will cause that account to be converted to, and designated as, a Merrill brokerage account. Termination of your Agreement will end the investment advisory fiduciary relationship of any and all Accounts enrolled in the Program and any such accounts will be converted to a brokerage account.

This Brochure describes the advisory services that we provide, the fees you will pay, our role and that of our personnel, our other business activities and financial industry affiliations and the economic and other benefits and arrangements we have that create conflicts of interest in certain situations. You will also receive Form ADV Part 2B-Brochure Supplements for Merrill investment professionals who provide portfolio management services for the investment strategies we offer in your enrollment materials.

Merrill can help fulfill your wealth management needs in our capacity as an investment adviser, as a broker-dealer, or as both. Investment advisory and brokerage services are separate and distinct and each is governed by different laws and separate contractual arrangements that we may have with you. Our relationship, legal duties and capacities to you under federal securities laws are subject to a number of important differences which are described in our Client Relationship Summary on Form CRS ("Form CRS") and in our Summary of Programs and Services, both of which are available at [merrilledge.com/relationships](https://merrilledge.com/relationships) or upon request. In addition, these documents provide a summary of the other available investment advisory programs we offer. Certain aspects of these investment advisory programs are similar to the Services available in the Program. Please refer to Item 4 at the section "Ability to Obtain Certain Services Separately and for Different Fees."

**Under the Program, we are a fiduciary to you.** Merrill and MAA each have certain fiduciary obligations in providing services under the Program. As a fiduciary, we will act in your best interest and will endeavor to ensure that you are informed about and have access to material facts and information relating to the Program Services. The Brochure is a key element in meeting this disclosure obligations as a fiduciary.

The fiduciary standards we aim to follow are established under the Advisers Act and, where applicable, state laws. In addition, for Retirement Accounts, we provide Program Services as a "fiduciary" under Section 3(21) of the Employee Retirement Income Security Act of 1974 ("ERISA") and under the Internal Revenue Code of 1986 (the "Code"). For Retirement Accounts subject to ERISA that are discretionary managed accounts, we provide the relevant Services as an "investment manager" under Section 3(38) of ERISA.

## Item 4. Services, Fees and Compensation

### General

The Program is designed to help you pursue your investing goals by providing you with the Program Services through the Program Website, including investment advice, guidance and access to a select set of managed investment strategies ("Strategies") delivered through the Program's Website. Before investing through the Program, please read the description of our Services and the other information in this Brochure. You may contact us at 877.444.0916 if you have any questions.

To take advantage of the Services available through the Program, you must first enter into the Agreement, which will cover an Account that you enroll in the Program. In the Agreement, we agree to act as your investment adviser and agent to provide the Services described in this Brochure and you grant to us the investment discretion and trading authority necessary to deliver the Services you select and agree to the terms and conditions of the Program. After you are enrolled in the Program, you may be able to select or change certain Services with instructions to us; however, in certain circumstances we may ask you to sign a separate Agreement or complete additional documentation.

### Electronic Accessibility Requirement

The Program provides you with the Services described in this Brochure electronically through use of the Program Website. Through an online experience, you will be asked to provide us with certain information, consider and (if acceptable) select a recommendation from us. You will also be provided with information and periodically contacted about the ongoing management of your Account through the same online experience.

You should carefully consider whether your participation in the Program is appropriate for your investment needs and goals. You must log in to the Program Website to access important documents, ensure your information is accurate and up to date and complete periodic reviews. You can communicate with us through the Program Website or by telephone at 877.444.0916.

You will be required to sign the Agreement and other agreements necessary to participate in the Program electronically. These agreements and other disclosures and notices will be delivered to you in electronic format only, by posting the information on the Program Website where you access your Account, through email or other electronic means. We will not send you paper versions of documents as part of the Program unless required by applicable law or in our sole discretion.

In order to access the Program Website, you will be required to establish or link your online credentials ("User ID"). You are solely responsible for user activity that occurs in your Account and the information provided to us through the Program Website. You are also responsible for maintaining the security and confidentiality of your Account access information. You must notify us immediately if you believe your Account has been accessed in an unauthorized manner or the security and confidentiality of your access information have been compromised.

For accounts with more than one owner, each additional account owner who wishes to have access to the Program Website will need to create their own User ID and password. While each additional owner is not required to create a User ID to enroll in the Program, if you elect not to create a User ID, only the account owner who originally enrolled the account into the Program will have access to the Program Website.

You will have access to Program documents, notices and disclosures by logging on to the Program Website. You will also be notified via the email address you provided to us when documents are available for viewing in the "Statements and Documents" section of the Program Website. You must provide us with a valid email address as a requirement to enroll in the Program. You are required to immediately notify us of any changes to your email address by updating your information via the Program Website or by calling us at 877.444.0916.

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Failure to provide accurate contact information could result in termination from the Program. If we are notified that the email address you provided is invalid, we will attempt to contact you by other means to request a valid email address. If you do not provide a valid email address, your enrollment in the Program may be terminated. In addition, if, at any time while you are enrolled in the Program, you do not have access to a device with the necessary hardware and software or are unwilling to sign electronically or to accept electronic delivery of all Program documents and communications, you will not be able to continue to be enrolled in the Program and you should contact us at the number above to understand your options. For additional details related to electronic communications, please refer to the eCommunications Disclosure in the enrollment documents for the Account available on the Program Website.

### Investment Advice Services - General

**Establishing Your Account.** The Program Website will help you establish an Account for the assets that you identify. Eligible Account types are a taxable (or non-retirement) account described in "Item 5 Account Requirements and Types of Clients" and an individual retirement account within the meaning of Section 408(a) of the Code, a simplified employee pension within the meaning of Section 408(k) of the Code, a simple retirement account within the meaning of Section 408(p) of the Code, and a Roth IRA within the meaning of Section 408A of the Code (each, a "Retirement Account"). An Account is eligible to enroll in the Program and receive the Program Services and access the Strategies available in the Program.

The Program Website contains an Online Profiling Process that will help you establish a goal and select a recommended target asset allocation and an investment strategy described below for your Account. Through this process, you will be asked to provide us with certain information about your objectives and goal for your Account. Each Account will be tied to a single investing goal type that you select and name.

**Gathering Information About You.** Through the Program Website, we request certain information and ask questions to gather information about you, including important financial and personal information that will be used as the basis for our investment recommendations. It is your responsibility to ensure that the information you provide to us is complete and accurate. When you provide accurate and complete information, we will be better able to make suitable recommendations for your Account assets. It is also your responsibility to notify us if any information you have provided to us about you is inaccurate or becomes inaccurate. If there are multiple owners on this Account, the information you provide should reflect the views and circumstances of all owners on the Account. If you are the fiduciary of this Account for the benefit of the account owner or account holder (e.g., the trustee for a trust or custodian for an UTMA), please keep in mind that these assets will be invested for the benefit of such account owner or account holder. If you feel any of the questions are unclear or you do not understand why the information is being sought, please contact us at 877.444.0916. Be careful when inputting your answers or information. If you enter inaccurate information, the resulting recommendation might not be right for you.

The Program incorporates only the financial information you provide, and our investment recommendations are limited to and based only on certain information you provide through the Program Website. We will not independently verify the information you provide through the Program Website and we will not consider other information obtained in connection with another account or relationship with Merrill or its Affiliates other than as described in this Brochure and the Agreement. If you believe there is additional financial information that should be considered to inform the investment recommendations made through the Program, please contact us at 877.444.0916.

**Selecting Your Investing Goal.** You may select between two investing goal types: the Growth-Focused goal type and the Income-Focused goal type. The Growth Focused goal type is designed for general investing, retirement investing and other types of investing goals seeking to grow assets through



investing over time for current income and growth ("Growth-Focused Goal"). The Income-Focused goal type is designed for a retirement investing goal seeking to use assets while investing over a defined time period for income ("Income-Focused Goal"). The goal type that you select along with other information about you will help determine the recommended target asset allocation and investment strategies available to you for your particular goal.

**Target Asset Allocation Recommendation and Strategy Selection.** As part of establishing the Account with an investing goal, we will recommend an allocation of your assets across one or more asset classes ("Target Asset Allocation") for your goal and a Strategy designed to align to that Target Asset Allocation and the specific needs of your Account.

We make available in the Program a select set of Strategies that are managed by us that consist of diversified portfolios of exchange-traded funds ("ETFs"), mutual funds and a cash allocation that are designed to meet a particular Target Asset Allocation and objective. Once your Account is established, we will monitor the assets in your Account for alignment with the Strategy's allocation as part of our advice and guidance. If appropriate, we will make recommendations regarding changes to your Account, including changes to the Strategy you selected.

## Investment Advice Services for Accounts Selecting the Growth-Focused Goal Type

The Growth-Focused Goal type includes the general investing goal and investing for specific types of goals such as travel, home and education that seek to grow assets through investing over time for current income and growth. The Growth-Focused Goal type also includes investing for retirement for a person who is five or more years away from retiring and who does not intend to use the assets to pay for retirement expenses in the near term. If you've already retired and one or more of these scenarios applies, this goal could be appropriate for you if:

- You intend to fund most of your retirement expenses through other sources such as Social Security, pension, wages or other savings.
- You don't expect to use most of the assets during retirement.
- Your goal is to build your assets.
- You expect to leave most of these assets to your heirs rather than spend the funds in retirement.

**Recommending a Target Asset Allocation for the Growth-Focused Goal Type.** As part of establishing the Account, we will recommend a Target Asset Allocation for the Growth-Focused Goal and a Strategy designed to align to that Target Asset Allocation and the specific needs of your Account. We make available a select set of Strategies that are managed by us that consists of diversified portfolios of ETFs, mutual funds and a cash allocation that are designed for a particular Target Asset Allocation that balance the goals of achieving current income and growth ("Total Return-Focused Strategies"). Once your Account is established, we will monitor the assets in your Account for alignment with the Strategy's allocation as part of our advice and guidance. If appropriate, we will make recommendations regarding changes to your Account, including changes to the Strategy you selected.

Setting the Risk Tolerance and Time Horizon. The Strategy you select will be based on responses and information you provide for your goal, including the **risk tolerance** for the Account assets (i.e., your willingness and ability to incur financial loss for the assets in your Account in exchange for greater potential returns) and the time horizon (determined by how long you expect to invest to seek to achieve your goal). For a retirement investing goal, the **time horizon** is based on a combination of your stated retirement age and how long you intend to use the assets in your Account after retirement.

The risk tolerance options are low, medium, or high, as described below:

- A "low" risk tolerance means your primary concern is preserving your capital. Inflation-adjusted returns may be very low or negative balanced by high liquidity and reduced risk of principal loss.

- A "medium" risk tolerance means you're willing to accept some principal loss while pursuing a higher possible total return. Diversification and asset allocation helps to reduce this level of risk.
- A "high" risk tolerance means you're willing to accept the risk of possible loss of principal because you think that overall portfolio results may provide above average returns. These investors may hold concentrated positions and trade frequently. Results may vary widely from one year to the next in the pursuit of longer-term goals.

Option to Set a Goal Target. You also have the option, at your election, through the Online Profiling Process or the Program Website, to state a target goal dollar amount (the "Goal Target") for the goal aligned with your Account. If you provide a Goal Target, this information will be used in addition to your other information (such as your risk tolerance and time horizon) to recommend the Target Asset Allocation and the aligned Strategy. Depending on the amount of the Goal Target, the recommended Target Asset Allocation and Strategy may be different than the one recommended when no Goal Target is provided. The identification of a Goal Target does not constitute a guarantee by us of the future value of the Account or any specific level of performance or rate of return for the Account or any Target Asset Allocation or Strategy that we recommend or undertake on your behalf. There is no guarantee that you will achieve your Goal Target.

The recommendations provided for each Account are intended to align and are limited to the specific investing goal for that Account. Additional investing goals will require that you set up additional Accounts. If stating a Goal Target, you have the option to align certain other assets not held in your Account ("External Assets") to your Goal Target for the Account. You can link External Assets maintained in accounts with us or our Affiliates that we determine to be eligible in our sole discretion ("Linked accounts"). You can also enter information about External Assets maintained in accounts at a firm that is not our Affiliate that we determine to be eligible in our sole discretion ("External accounts"). Not all accounts with External Assets are appropriate for you to align to your Goal Target for the Account. Please see the [Program Website](#) for additional information.

If you choose to align External Assets to an Account's Goal Target, Merrill will provide advice and manage your Account based, in part, on information available or provided for the dollar value balance and asset allocation of these External Assets. Aligning External Assets to your Account's goal and Goal Target may produce a different Target Asset Allocation recommendation than if they had not been so aligned. We are not an investment adviser with respect to External Assets and do not advise you on External Assets.

For Linked accounts, we will periodically review the dollar value balance and asset allocation. For External accounts, it is your responsibility to keep the External Asset information you align to a Goal Target updated. It is important for you initially and on an ongoing basis to update the dollar value balance and to classify the External Assets into the appropriate asset class. If the External Asset information is not accurate and complete, the recommended Target Asset Allocation and Strategy for your Account will be affected. In certain circumstances, you will be contacted to consider how changes to External Asset information might impact the Strategy for your Account.

Target Asset Allocation Categories. In general, the Target Asset Allocation categories are:

- **Conservative:** primary focus is on portfolio stability and preservation of capital with the achievement of low or negative investment returns in exchange for reduced risk of loss of principal and liquidity.
- **Moderately Conservative:** primary focus is to achieve a modest level of portfolio appreciation with minimal principal loss and volatility.
- **Moderate:** primary emphasis is to strike a balance between portfolio stability and portfolio appreciation with the assumption of moderate level of risk and level of volatility and principal loss.

- **Moderately Aggressive:** primary emphasis is on achieving portfolio appreciation over time with the assumption of a fair amount of risk, and high level of volatility and risk of principal loss.
- **Aggressive:** primary emphasis is on achieving above-average portfolio appreciation over time with the assumption of substantial risk and a significant level of portfolio volatility.

Each of these categories have associated asset class allocation ranges. The associated allocation ranges and our method of monitoring activity may change from time to time and without prior notice to you. Our more conservative Target Asset Allocations typically recommend a greater percentage of your assets be allocated to fixed-income and cash asset classes, rather than to the equity asset class. Our more aggressive Target Asset Allocations typically recommend a greater percentage of your assets be allocated to the equity asset class, rather than to fixed-income and cash asset classes. You should consider carefully the recommended Target Asset Allocation for your Account.

We will use your Target Asset Allocation, along with certain other information provided by you through the Online Profiling Process, to assist in recommending a Strategy for your Account. Any changes to your risk tolerance or time horizon or, if applicable, Goal Target and any aligned External Assets may lead to a different recommended Target Asset Allocation and therefore potential changes to the Strategy recommended for your Account. It is your responsibility to ensure that the information you provide to us through the Online Profiling Process is complete and accurate so that we will be better able to make appropriate recommendations for you and your Account assets.

As part of the Program Services, we use wealth management planning tools that provide hypothetical projections of possible investment outcomes for the asset classes included in the recommended Target Asset Allocation based on certain information you provide as part of the Online Profiling Process and through the Program Website for the Account (an "Allocation Profile"). Hypothetical projections and analyses do not reflect or project actual investment performance of your Account, the Strategy you select or the underlying securities in the Strategy and are not guarantees of future results. Any hypothetical projections presented through the Program Website make use of probabilistic modeling, a statistical modeling technique in which a set of future outcomes are forecasted based on the variability or randomness associated with historical occurrences.

For an Account without a Goal Target, the projections presented illustrate possible investment outcomes determined by the use of probabilistic modeling based on our forward-looking return assumptions for the asset classes included in the recommended Target Asset Allocation and based on certain information you provided as part of the Online Profiling Process and through the Program Website for an Allocation Profile. For more information about how these projections are calculated, how the information you provide is used, the assumptions used and limitations of these projections, please consult the "[Hypothetical Projections Tool](#)" document available on the Program Website.

As part of the Program Services, we also use a wealth management tool to provide you with the ability to track your progress to your Goal Target, if desired. No representation is made that the Strategy will achieve the Goal Target and the actual returns for your Account could be significantly higher or lower than the Goal Target. For the purposes of these projections, any External Assets in Linked accounts will have the asset allocation determined by us based upon our asset class designation of the Linked account holdings. External Assets in External accounts will have the asset allocation provided by you through the Program Website and, if you do not provide this information, we will assume these External Assets have the same asset allocation as the Target Asset Allocation for your Account.

You should consider these limitations carefully as you review the projections and illustrations for progress to your Goal Target and you should not rely on that information when making an investment decision. For more information about how the projections are calculated, how the information (including

information about External Assets) you provide is used, the assumptions used and limitations of the projections, please consult the "[Goal Target Funding Status Analysis](#)" document available on the Program Website.

**Recommending a Strategy for the Growth-Focused Goal Type.** After recommending a Target Asset Allocation for your Account with a Growth-Focused Goal Type, we, through the Online Profiling Process will recommend to you one or more Strategies available in the Program. Our advice is based on the information you have provided to us for that Account and is limited by the stated and agreed-upon: (1) size of your investment; (2) Account Target Asset Allocation; (3) Account Strategy; (4) other applicable factors such as the type of Account you establish; and (5) Account investment restrictions, if any, that are accepted as provided in the section "Reasonable Investment Restrictions" below.

If you wish to proceed, you will select the recommended Strategy to have implemented in your Account based on the results of the Online Profiling Process. If you wish to utilize multiple Strategies for your investment assets in the Program, you will be required to open a separate Account for each Strategy.

**Total Return-Focused Strategies.** We make available a select set of Strategies managed by us that consists of diversified portfolios of ETFs, mutual funds and a cash allocation that are designed for a particular Target Asset Allocation that balance the goals of seeking current income and growth ("Total Return-Focused Strategies"). The Total Return-Focused Strategies available for the Growth-Focused Goal types are model portfolios of primarily of ETFs (but can include mutual funds) and cash and/or cash alternatives (referred to as a cash allocation). The ETFs and mutual funds that are included in a Strategy are referred to as "constituent Funds."

These model portfolios are constructed by MLPF&S, through its Chief Investment Office (the "CIO"), and seek to achieve one or more investment styles or disciplines. The Strategies range from "Conservative" to "Aggressive" and include asset allocations to the asset classes of equity, fixed income and cash. The CIO chooses the constituent Funds for the equity and fixed income asset class exposures and determines the overall asset class allocations of a Strategy to balance the goals of achieving current income and growth. The CIO also selects constituent Funds that can be converted to cash without experiencing a significant loss due to the lack of a ready market or incurring significant costs or penalties.

For exposure to the cash asset class, the CIO determines whether to hold cash as a cash balance (which is then swept in accordance with the Account's cash sweep option), to invest in money market mutual funds or to use a combination of both approaches. A Strategy's cash allocation is for operational and implementation and/or investment purposes as directed by the CIO. The cash allocation will be higher at certain times depending on the nature of the Strategy, the asset allocation, the investment determinations or rebalancing being made and market conditions. In certain circumstances, including periods of volatile or uncertain market conditions, any such cash allocation may comprise all or a substantial portion of your Account assets based on, for example, the CIO's concerns about the market, a decision to pursue a defensive investment strategy or for cash management purposes. For more information, see "Item 4 Treatment of Cash Balances in your Account" and "Item 4 Funding and Operation of Accounts-Cash Balances and the Cash Sweep Program."

Each Strategy's investment approach incorporates two model portfolios from the CIO designed to support Accounts at different asset levels. Each Strategy's model portfolios are designed to align to the relevant Target Asset Allocation and provide similar diverse market exposure. Accounts with higher asset values (generally starting at \$5,000 or as otherwise reflected in the applicable Strategy Profile) are allocated among a range of constituent Funds and a cash allocation using CIO's tactical asset allocation model portfolio ("Tactical Asset Allocation") for a Strategy. Accounts with lower asset values are allocated among generally a smaller range of constituent Funds and a cash allocation using CIO's strategic asset allocation model portfolio ("Strategic Asset Allocation") for a Strategy. Any change from one Strategy to another Strategy will require your consent, because you retain

authority to select and implement any changes between Strategies. In our discretion, we rebalance an Account to transition between the Strategy's two model portfolios as its asset value changes over time. As we describe in detail below in "Item 4 Investment and Trading Authority; MAA's Role," we will have full trading authority to implement the Strategy selected, including rebalancing to transition an Account between the Strategy's two model portfolios as the Account's asset value changes over time.

The availability of Strategies in the Program is subject to change. You can review materials available on the Program Website. The Portfolio Summary that we will deliver to you through the Program Website upon enrollment will indicate the Strategy in which you are invested. We may reference this Strategy or use the term "Managed Strategy" as a caption name or reference in the Portfolio Summary. Any changes to a different Strategy for your Account will result in an updated Portfolio Summary that will be made available to you through the Program Website.

## Investment Advice Services for Accounts Selecting the Income-Focused Goal Type

As part of establishing the Account, you can select the Income-Focused Goal type for a either a taxable Account or a Retirement Account. The Income-Focused Goal type is for a retirement investing goal that seeks to use assets while investing over a defined time period for income and is designed for retirees or those retiring in fewer than five years. In addition, if one or more of these scenarios applies, this goal type could be appropriate for you if:

- You expect to use the assets for retirement expenses for up to 25 years.
- You expect to use most of the assets to generate a steady income during retirement.

As part of establishing the Account, we will recommend a Target Asset Allocation for the Income-Focused Goal and a Strategy designed to align to that Target Asset Allocation and the specific needs of your Account.

We make available a select set of Strategies that consists of ETFs and a cash allocation and that are designed for a particular income-focused Target Asset Allocation seeking to obtain a continuing stream of income from investments and that changes over time, and for recurring Account withdrawals through a stated end year ("Income-Focused Strategies"). Once your Account is established, we will monitor the assets in your Account for alignment with the Strategy's allocation as part of our advice and guidance. If appropriate, we will make recommendations regarding changes to your Account, including changes to the Strategy you selected.

**Recommending a Target Asset Allocation for the Income-Focused Goal Type.** The Strategy you select will be based on responses and information you provide for your goal, including the risk tolerance for the Account assets (i.e., your willingness and ability to incur financial loss for the assets in your Account in exchange for greater potential returns) and the time horizon (determined by when you would like to start receiving income and for how long you would like to receive income).

The risk tolerance options are low, medium, or high, as described below:

- A "low" risk tolerance means that you are not willing or able to take much risk for your income needs. You'd like a higher initial income and are willing to accept minimal risk to have lower potential increases to future income and a remaining balance.
- A "medium" risk tolerance means that you are willing and able to take a moderate level of risk for your income needs. You'd like a modest initial income and are willing to accept some risk to have more potential for increases to future income and a remaining balance.
- A "high" risk tolerance means that you are willing and able to take a higher level of risk for your income needs. You'd like a lower initial income and are willing to accept more risk to have greater potential increases to future income and a remaining balance.

The time horizon begins with the age you reach in the year of Account enrollment in the Strategy and, if different, includes the age you reach in

the year you want to start to take recurring withdrawals from the Account and ends in the year of your last withdrawal from the Account. At the end of the time horizon, your Account is expected to have no or a relatively low remaining asset balance. Your investment returns and the withdrawal amounts received over the course of your Account's time horizon are subject to changes due to general economic conditions, general market fluctuations, and the risks inherent in securities markets. There is no guarantee that sufficient income will be achieved to provide adequate income through your stated end year or throughout retirement.

The recommendations provided for each Account are intended to align and are limited to the specific Income-Focused Goal for that Account. Additional Income-Focused Goals will require that you set up additional Accounts.

In general, the Target Asset Allocation categories which are designed to seek to obtain a continuing stream of income from investments are:

- **Stable Income:** a low risk tolerance and target allocation generally to the fixed income asset class.
- **Balanced Income:** a medium risk tolerance and target allocations of a mix of fixed income and equity asset classes that will change over time.
- **Income and Growth:** a high risk tolerance and target allocations of a mix of fixed income and equity asset classes that will change over time.

Each of these categories have associated asset class allocation ranges. The associated allocation ranges and our method of monitoring activity may change from time to time and without prior notice to you. Our more conservative Target Asset Allocation typically recommend all or most of your assets be allocated to fixed-income rather than to the equity asset class. Our more aggressive Target Asset Allocation typically recommend a greater percentage of your assets be allocated to the equity asset class rather than to fixed-income class. You should consider carefully the recommended Target Asset Allocation for your Account.

We will use your Target Asset Allocation, along with certain other information provided by you through the Online Profiling Process, to assist in recommending a Strategy for your Account. Any changes to your risk tolerance or time horizon may lead to a different recommended Target Asset Allocation and therefore potential changes to the Strategy recommended for your Account. It is your responsibility to ensure that the information you provide to us through the Online Profiling Process is complete and accurate so that we will be better able to make appropriate recommendations for you and your Account assets.

As part of the Program Services, we use wealth management planning tools that provide hypothetical projections of investment and income amounts for the asset classes included in the recommended Target Asset Allocation based on your Allocation Profile. Hypothetical projections do not reflect or project actual investment performance of your Account, the investment performance of any assets held by you outside the Account (e.g., Social Security), the Strategy you select or the underlying securities in the Strategy and is not a guarantee of future results, including future income. The hypothetical projections present possible income-focused investment outcomes determined by the use of probabilistic modeling based on our forward-looking return assumptions for an Allocation Profile. For more information about how these projections are calculated, how the information you provide is used, the assumptions used and limitations of these projections, please consult the "[Hypothetical Income Projections Tool](#)" document available on the Program Website.

**Recommending a Strategy for the Income-Focused Goal Type.** After recommending a Target Asset Allocation for your Account with an Income-Focused Goal Type, we, through the Online Profiling Process will recommend to you one or more Strategies available in the Program. Our advice is based on the information you have provided to us for that Account and is limited by the stated and agreed-upon factors as follows: (1) size of your investment; (2) Account Target Asset Allocation; (3) Account Strategy; (4) other applicable factors such as the type of Account you establish; and (5) Account investment restrictions, if any, that are accepted as provided in "Reasonable Investment Restrictions" below.



If you wish to proceed, you will select the recommended Strategy to have implemented in your Account based on the results of the Online Profiling Process. If you wish to utilize multiple Strategies for your investment assets in the Program, you will be required to open a separate Account for each Strategy.

**Income-Focused Strategies.** We make available a select set of Strategies that are designed for a particular income-focused Target Asset Allocation seeking to obtain a continuing stream of income from investments and that changes over time and for recurring Account withdrawals through a stated end year ("Income-Focused Strategies").

The Income-Focused Strategies available for Income-Focused Goal types are model portfolios constructed by MLPF&S, through its CIO that consist of constituent Funds (primarily ETFs but can include mutual funds) and cash and/or cash alternatives (referred to as a cash allocation). The Income-Focused Strategies range from "Stable Income" to "Income and Growth." The availability of Strategies in the Program is subject to change. You can review materials available on the Program Website. The Portfolio Summary that we will deliver to you through the Program Website upon enrollment will indicate the Strategy in which you are invested. We may reference this Strategy or use the term "Managed Strategy" as a caption name or reference in the Portfolio Summary. Any changes to a different Strategy for your Account will result in an updated Portfolio Summary that will be made available to you through the Program Website.

The Income-Focused Strategies include investment allocations by the CIO to one or both of the fixed income and equity asset classes and a cash allocation. The CIO chooses the constituent Funds for one or both of the equity and fixed income asset class exposures and determines the overall allocations of an Income-Focused Strategy that aim to obtain your hypothetical projected income. The CIO also selects constituent Funds that can be converted to cash without experiencing a significant loss due to the lack of a ready market or incurring significant costs or penalties.

The Strategy's cash allocation is primarily designed to support anticipated withdrawals in a particular year based on your Account instructions for a fixed time period of up to 25 years that begins in your designated year and ends in a future stated year. You may choose the desired income (or withdrawal) start date up to five years after Account enrollment (the "Accumulation Phase"), after which there will be a "Decumulation Phase" of up to 25 years during which you receive recurring withdrawals. At the end of the fixed time period (based on your time horizon), your Account is expected to have no or a relatively low remaining asset balance. Your investment returns and the withdrawal amounts received over the course of your Account's time period are subject to changes due to general economic conditions, general market fluctuations, and the risks inherent in securities markets. There is no guarantee that sufficient income will be achieved to provide adequate income through your stated end year or throughout retirement.

A portion of the cash allocation can also be for operational and implementation and/or investment purposes as directed by the CIO. The cash allocation will be higher at certain times depending on the nature of the Strategy, the asset allocation, the investment determinations or rebalancing being made and market conditions. In certain circumstances, including periods of volatile or uncertain market conditions, any such cash allocation may comprise all or a substantial portion of your Account assets based on, for example, the CIO's concerns about the market, a decision to pursue a defensive investment strategy or for cash management purposes.

For the cash allocation, the CIO determines whether to hold cash as a cash balance (which is then swept in accordance with the Account's cash sweep option) to invest in money market mutual funds or to use a combination of both approaches. In certain circumstances, including periods of volatile or uncertain market conditions, the CIO may determine that the cash allocation comprise all or a substantial portion of a particular Strategy's model portfolio for defensive purposes. Some portion of your Account assets will be held as cash for operational considerations. For more information, see

"Item 4 Treatment of Cash Balances in your Account" and "Item 4 Funding and Operation of Accounts-Cash Balances and the Cash Sweep Program." As described in more detail below in "Item 4 The Program Fee and Other Charges," the cash in the Account will be subject to the Program Fee.

**Effect of Withdrawal Changes and Withdrawals on an Income-Focused Strategy.** You should understand that changes made to the amount of recurring withdrawals and any unscheduled cash withdrawals will result in changes to the amount of recurring withdrawals that you will receive over the term of your Strategy. Choosing an amount of recurring withdrawals that is higher than the hypothetical projections or actual income received or making unscheduled withdrawals will result in lower hypothetical projections in future years and reduce the amount of recurring withdrawals that will be supported over the term of your Strategy. In addition, if the value of your Account drops below the required minimum, due to unscheduled withdrawals or recurring withdrawals that exceed the hypothetical projections, or otherwise, we may determine that the Strategy is no longer appropriate for you and your Account will be subject to termination. You will have the opportunity to monitor hypothetical projections and manage the amount of recurring withdrawals as a part of the annual review, as described in more detail below.

Depending on numerous factors, including if you make unscheduled withdrawals from your Account, if the value of the assets in your Account drops to an amount that is at or below a certain dollar amount, we may be unable to rebalance the investments in your Account to reflect any changes in the Strategy's allocation. In addition, as your Account approaches its future stated year, it is expected that the portion of your Account comprising the cash allocation will increase relative to the portion comprising ETFs. This may also result in our inability to rebalance the investments in your Account to the Strategy's allocation.

**Annual Review of Withdrawal Amount.** Each year your Account is subject to a mandatory annual review of the next year's withdrawal amount. We require that you complete the annual review when prompted by us within two weeks of receiving a notification. As a part of the annual review, you must confirm certain information regarding your Account, including the amount and frequency of the recurring withdrawals you would like to receive for the next calendar year based on the hypothetical projected income amount. We will provide an updated hypothetical projection of investment and income for the next calendar year and other information relevant to your Strategy. If you do not provide the requested information, we will continue to apply the terms applicable to your Account from the current year. Failure to complete the annual review may result in recurring withdrawals that are inconsistent with the hypothetical projections and this may cause you to withdraw on a recurring basis amounts that are higher than the projections. As discussed above, recurring withdrawals that exceed the hypothetical projections will result in a lower amount of future recurring withdrawals over the term of your Strategy. For additional information on withdrawals, including special processing guidelines, see "Item 4 Funding and Operation of Accounts" at the section "Required Withdrawals for Income-Focused Goals."

## Investment and Trading Authority; MAA's Role

Pursuant to an agreement between MLPF&S and MAA, MLPF&S provides advisory services through the Program, in part, by furnishing investment recommendations and guidelines to MAA for a Strategy based on one or more model portfolios in accordance with the applicable Profile. All Strategies developed by MLPF&S will be implemented by MAA with full investment and trading discretion. MAA will generally implement the CIO's recommendations for a Strategy without change, subject to your Reasonable Investment Restrictions, cash commitments and other considerations. MAA may determine, in its sole discretion, in light of operational or investment considerations, to deviate from a model portfolio on a limited basis (i.e., to select another security or increase the cash allocation within a model portfolio).

By your choosing a Strategy for an Account, as provided in the Agreement, you have granted MAA investment and trading discretion, for investments occurring in the Strategy. Through that discretion, we will have complete trading authority to invest, reinvest, purchase, sell, exchange, convert and otherwise trade assets in your Account in accordance with your selected Strategy without any prior notice. This authority will remain in place until we have received and accepted instruction from you to either change the Strategy or terminate the Account.

In addition to that described above, MAA has the authority to make certain investment and trading decisions including:

- Implementing, as applicable, the model-based recommendations of the CIO, including by investing the initial and any subsequent cash deposited in the Account into the securities that are recommended as part of the model-based Strategy.
- Rebalancing an Account to align with the Tactical Asset Allocation or Strategic Asset Allocation model for a Total Return-Focused Strategy, as applicable, due to a change in the value of the Account.
- Processing all contributions, withdrawal requests and Account terminations.
- Processing allocations to cash and/or cash alternatives in amounts needed to meet your instructions for annual withdrawal amounts for an Account with an Income-Focused Goal.
- Periodically rebalancing the Account or making the determination not to engage in rebalancing transactions
- Implementing your Reasonable Investment Restrictions, if any, in your Account as described in the section "Reasonable Investment Restrictions."
- Implementing your tax-selling instructions, if any.

In its discretion and subject to legal requirements, MAA may utilize the services of its Affiliates for investment and administrative support.

MAA actively manages your Account's investments and may rebalance these investments to the Strategy's allocations at any time in its sole discretion, including rebalancing to align with the Strategy's model due to a change in the value of the Account. In its discretion, MAA may decide not to process certain rebalancing transactions. Delays in the processing of any rebalancing activities that MAA undertakes can occur from time to time, based on, among other things, market conditions, illiquid securities or those with limited subscription and redemption schedules, as well as the availability of ETFs and mutual funds. The frequency and parameters MAA uses to rebalance your Account in a selected Strategy may change at any time and may be different from the parameters used in other types of investment strategies or investment advisory programs sponsored by Merrill.

## Reasonable Investment Restrictions

In the Program, you may request that we impose certain investment restrictions on the management of your Account assets relating to the purchase of specific constituent Funds. For a restriction to be acceptable under the Program, it must first be determined to be "reasonable" by us (a "Reasonable Investment Restriction"). Investment restrictions or any other limitations provided by you will not apply to the securities or other interests held in the portfolio of any constituent Fund in your Account, even if a constituent Fund provides public disclosure of the holdings within its portfolio.

MAA will determine whether a restriction request is reasonable and how to allocate investments based on an accepted Reasonable Investment Restriction. MAA will allocate the assets that would have been invested in the particular constituent Fund included in the Strategy impacted by the Reasonable Investment Restriction in the following ways: (1) pro-rata across other Strategy investments held in the Account; (2) by using one or more replacement securities, which could include ETFs; and/or (3) by remaining uninvested in cash.

Merrill and MAA reserve the right to modify our practices regarding investment restrictions in our sole discretion at any time without notice. Further, we reserve the right to deem any requested investment restriction to be unreasonable and to not accept the requested investment restriction. If one or more investment restrictions are determined to be unreasonable, the restriction will not be applied and you should consider whether to remain in the Program or consider other more appropriate Strategies in the Program. If you elect to impose Reasonable Investment Restrictions, you accept any effect such Reasonable Investment Restrictions may have on the investment performance and diversification of your Account. The performance of Accounts with Reasonable Investment Restrictions will differ from, and may be lower than, the performance of Accounts without such restrictions. In addition, your decision to impose a Reasonable Investment Restriction will alter the allocation of any Strategy or result in a replacement security that, in turn, may result in exposure to additional (and potentially unforeseeable) risks that are inconsistent with the objective of the Strategy.

If accepted, a Reasonable Investment Restriction will be included in Program communications and is available on the Program Website. The Reasonable investment Restriction will be applied to your Account until (1) you take action to change, withdraw or waive the restriction or (2) we determine that it is no longer a Reasonable Investment Restriction based on factors we deem relevant in our discretion, including for example, the level of the security holding percentage in the Strategy, our ability to implement the restriction in our systems, changes in the security identifier or symbol, corporate action events, or otherwise. You may request to have different investment restrictions applied to each of your Accounts.

## Available Strategies, Profiles and Prospectus Delivery

Merrill determines the manner and extent to which Strategies are made available to clients through the Program, including when a Strategy may change or no longer be offered. Occasionally, we may decide to discontinue offering or to replace certain Strategies. As a general matter, we make these decisions based on a variety of factors, including client needs, available investment styles, platform capacity, client demand and the outcome of due diligence and evaluation reviews including with the assistance of the CIO. Merrill, through the CIO, also selects the constituent Funds in the Strategies and can change constituent Funds without notice to you.

Changes to your selected Strategy may be made in the following ways: (1) Merrill may terminate a particular Strategy from the Program for any reason; (2) the CIO may decide to no longer offer the Strategy for any reason; or (3) you may decide to replace a Strategy for any reason. Where Merrill decides to discontinue offering a Strategy, close a Strategy to new investments and/or additional contributions from existing clients, or require a particular Strategy held by clients to be replaced, MAA is responsible for implementing our decisions and related actions. In such event, Merrill may replace the identified Strategy with another Strategy, maintain current positions in the identified Strategy and invest any new contributions and sale or redemption proceeds in a replacement Strategy, or maintain in cash any new contributions or sale or redemption proceeds relating to the identified Strategy in cash until a replacement is chosen by us or you direct us to invest in an alternative Strategy selected by you.

We generally will provide you with notice before any discontinuation, closing or replacement event respecting a particular Strategy prior to it taking place. We, however, may provide you with notice after we have already taken action. This flexibility to act quickly helps enable us to take action where we believe the replacement and its timing are in clients' best interest. If we determine to replace the identified Strategy, we will endeavor to choose a replacement with an investment objective that is consistent with the identified Strategy. This replacement may be subject to higher constituent Fund expenses than you had been paying. If you do not instruct us to the contrary, your continued participation in the Program after such replacement or other action will be considered your consent to the action. If you do not agree with the replacement Strategy, you can terminate the Account from the Program. If your Account is not eligible for the replacement Strategy, we may terminate your Account from the Program.

We will provide you access through the Program Website to important information about each Strategy through a document known as a "Profile." The Profile will describe the relevant objectives, styles and risks of the particular Strategy. It will also describe the roles of the CIO and MAA in implementing the Strategy. The Profile includes performance history and data as indicated in the Profile. It will include actual composite performance data developed by MAA in its implementation of the Strategy. Before selecting a recommended Strategy, you should read the detailed description provided in the Profile for the recommended Strategy through the Program Website. If you have any questions, please contact us at 877.444.0916.

When a fund that is registered under the Investment Company Act (a "Registered Fund") is purchased for an Account that has selected the Strategy, in light of the discretionary authority you have granted to us in connection with managing your Account, either of us is authorized to receive the Registered Fund prospectus in lieu of it being automatically delivered to you. If you would like a copy of the Registered Fund prospectus, you may obtain one, free of charge, by contacting us at 877.444.0916 or via the Program Website. Notwithstanding the foregoing, Merrill may continue to send the Registered Fund prospectus to you in its sole discretion.

## Program Guidelines

We have established certain guidelines relating to the management of assets in the Program. The Program guidelines may change at our discretion or may be waived under certain circumstances for certain clients. You may be notified if your investment activity or holdings deviate from our Program guidelines, including Target Asset Allocation guidelines, and action may be required to comply with these guidelines. If you decide not to take the requested action, we may terminate your Account from the Program which converts the Account to a brokerage account.

The Strategy chosen for your Account and the assets comprising the Strategy in the aggregate is designed to align to the designated Target Asset Allocation and objective for the Account. On the Program Website, you will be able to view the actual asset allocation for your Account ("Actual Asset Allocation") and compare it to the Target Asset Allocation for your Account. At times, your Account's Actual Asset Allocation may become misaligned with the Strategy allocation for many reasons, such as market movement, additions and withdrawals of assets from your Account, changes in the Strategy you select or purchases and sales of certain securities in your Account.

On a periodic basis, we will monitor the assets in the Account to the applicable Target Asset Allocation within certain parameters. Because your Account's Target Asset Allocation is based on your Account risk tolerance, your Account time horizon and, if applicable, a Goal Target and any aligned External Assets, you will have to make a new Strategy selection for your Account if these factors change and the change results in a different recommended Target Asset Allocation.

In addition, keep in mind that the time horizon for your Account will change (become smaller) as time passes, and the Target Asset Allocation will change over time (except if your Account already has a recommended Target Asset Allocation of Conservative). If, as a result of the passage of time, your Account's recommended Target Asset Allocation changes, you will be presented with a new recommended Strategy, if applicable, for selection. With the selection of a new Strategy, certain securities held in your Account will be sold that may result in taxable gains or losses or fees or charges (if applicable) for your Account. If there is a prolonged misalignment, we will ask you to take action in order to remain in the Program, including updating your risk tolerance or time horizon, so that the Account meets the Program guidelines.

***Our supervision and monitoring do not substitute for your own continued review of your assets and the performance of your investments in your Account.***

You are responsible for reviewing the Program communications, including performance reports, trade confirmations and account statements that we

send to you via the Program Website. If you identify any discrepancies or inaccurate information, you should promptly let us know by contacting us at 877.444.0916.

## Treatment of Cash Balances in your Account

While enrolled in the Program, your Account will have an allocation to cash balances. This allocation results from the CIO's decision as the investment manager of the Strategy selected for your Account, to keep a cash balance for operational and/or investment purposes as part of the investment strategy. The cash allocation for the Strategy is based on a number of factors, including the nature of the investment strategy being implemented, the types of investments being purchased for the strategy and the circumstances relating to the trading for those securities, market conditions as well as for trade execution facilitation, meeting operational contingencies and having funds available to pay the monthly fee charged for Program Services without generating trade activity in the Account. In certain circumstances, including periods of volatile or uncertain market conditions, any cash allocation may comprise all or a substantial portion of your Account assets based on, for example, concerns about the market or a decision to pursue a defensive investment strategy.

Your Account's uninvested cash balance is automatically swept with your consent to a cash sweep option for your Account under the terms of your underlying brokerage account agreement (the "Cash Sweep Program"). The available automatic cash sweep options under the Cash Sweep Program vary based on the Merrill account type and other criteria. Not all Merrill account types have the same cash sweep option or can enroll in the Program. The only automatic cash sweep option currently available for Merrill account types eligible for enrollment in the Program is the Merrill Lynch Direct Deposit Program (the "MLDD Program") and, for retirement accounts, the Retirement Asset Savings Program ("RASP"). The MLDD Program and RASP provide for an automatic sweep of cash balances to bank deposits with BANA and other banks affiliated with us ("Bank Affiliates").

Please refer to your account agreement and related disclosures for additional information regarding the automatic sweep options for your type of account. The [Sweep Program Guide for Merrill Clients](#), which can be found on [mymerrill.com](http://mymerrill.com), provides an overview of the automatic cash sweep options and how they work and a chart of automatic cash sweep options by Merrill account type. The [current rates and yields](#) for the cash sweep options are available at [mymerrill.com](http://mymerrill.com) and from us. Your cash balance is subject to the Program Fee.

As described earlier in this Brochure, any cash balances held as part of your Account assets can be invested as directed by the CIO in cash alternatives, including money market mutual funds, available through the Program.

You can elect to hold any cash balances in an account that is not enrolled in the Program (i.e., a brokerage account or bank account), and avoid the Program Fee, but you will not receive the Program Services with respect to cash held outside a Program Account.

We discuss the treatment of cash balances and other considerations relating to cash in various parts of this Brochure, including: (1) Item 4 at the sections "Brokerage, Banking-Related and Custodial Arrangements and Services-Cash Sweep Program and other Banking-Related Services," "The Program Fee and other Charges-Determination of how the Program Fee is Charged," and "Funding and Operation of Accounts-Cash Balances and the Cash Sweep Program" and (2) Item 9 at the sections "Compensation, Conflicts of Interest and Material Relationships-Cash Sweep Program Compensation Received by Us and Our Affiliates" and "Participation or Interest in Client Transactions and Conflicts of Interest-Cash Balances and the Cash Sweep Program."

## Brokerage, Banking-Related and Custodial Arrangements and Services

You are required to maintain a securities (brokerage) account with MLPF&S through Merrill Edge Self-Directed Investing. The primary purpose of the Program is to provide you with ongoing fiduciary investment advice and



guidance for your Account and access to Strategies and ongoing monitoring. The Program Fee you pay covers these Program Services and your payment for the trade execution, clearance and settlement services provided by Merrill and MAA. It also covers custody of assets. Note that certain fees unrelated to investment activity, like fees for banking-related or cash transfer activities, wire transfer fees, foreign currency wire and conversion fees, account service fees, transaction fees and certain transactional costs, are not covered by the Program Fee, including those described in "Item 4 The Program Fee and Other Charges." In addition, your brokerage account agreement and documents will provide you with information about certain brokerage services and related transaction and account fees for your Merrill account.

**Brokerage Trading Services Generally.** In your Agreement, you appoint us to act as your agent and attorney-in-fact with such discretionary power and authority to buy, sell or otherwise effect transactions in constituent Funds as part of the Strategy, and any other securities or other property in your name for your Account. You also authorize and direct us to cause all transactions to be effected through Merrill or its Affiliates acting as agent or, as permitted by law, as principal. Principal transactions are only effected in accordance with Program guidelines and applicable regulations.

In effecting transactions for your assets in the Program, we or our Affiliates will be acting exclusively as a broker-dealer. Trades will be handled consistent with best execution and other regulatory obligations. Even in meeting these obligations, it is possible that you may be able to obtain better prices for transactions if such trades were executed with other broker-dealers or third parties, including having smaller spreads (the difference between the bid and the offer price) or at more favorable net prices.

We seek to effect transactions correctly, promptly and in the best interests of clients. In the event an error occurs in our handling of client transactions, we seek to identify and correct it as promptly as possible without disadvantaging you. Depending on the circumstances, corrective actions may include canceling a trade, adjusting an allocation, and/or reimbursing you. In general, in instances where we are responsible for effecting the transaction, we may reimburse you for any losses directly resulting from trade errors, credit to you any profits directly resulting from such trade errors that are corrected after the settlement of the transaction or retain for ourselves any profits directly resulting from such trade errors that are corrected prior to the settlement of the transaction.

We may, but are not required to, aggregate orders for the sale or purchase of securities for your Account with orders for the same security for our other clients, proprietary accounts or the accounts of our employees and/or Related Companies, without your prior authorization. In such cases, each account in the aggregated transaction will be charged or credited with the average price and, when applicable, its pro rata shares of any fees. To the extent the CIO provides similar investment recommendations for a particular Strategy to MAA for implementation, MAA's ability to implement those recommendations may be affected by the liquidity of the security, market volatility, and any price limits that may be imposed by Merrill. This may in turn have a negative impact on the performance of a Strategy.

If Merrill or its Affiliate cannot effect a transaction on your behalf, we will effect the transaction through a broker or dealer other than Merrill or its Affiliate (an "Unaffiliated Trade Counterparty") that is chosen by us at the time and establish accounts as necessary for the purpose of effecting transactions in the Program. In making that determination, we will take into account various factors, such as the nature and quantity of the securities involved, the markets involved, the reputation and perceived soundness of the firm, the firm's clearance and settlement capabilities and other factors relevant to the selection of a broker-dealer for the execution of client securities transactions. You, and not we, will bear the cost of any fees that are payable to Unaffiliated Trade Counterparties and are not covered by the Program Fees (over-the-counter transactions in which Merrill and its Affiliates act as agent).

**Rules for Cash Accounts and Margin Transactions.** As a broker-dealer, Merrill is responsible for compliance with federal margin rules. Accounts in the Program are cash Accounts, which means that margin is not permitted, and purchases of securities must be fully paid for on the date of the trade. With a cash Account, if securities are sold before the payment for their purchase has settled, an event known as a "free-riding violation" has occurred. Free-riding is prohibited under margin rules and our Program guidelines. Having a "free-riding" violation may result in your Account being restricted for 90 days or "frozen." This means that while purchases of securities would be permitted, they must be fully paid for on the date of the trade. Imposition of a freeze could have a negative effect on your Account and performance. The risk of engaging in an inadvertent "free-riding" violation and therefore freezing your Account is enhanced: (1) when you change Strategies and your investments are reconstituted; (2) when your Account engages in periodic rebalancing (which results in purchases and sales of securities over a short period of time); or (3) when you withdraw cash from your Account when there is a pending order to purchase a security.

Certain of your Account assets may be "pledged" or used as collateral, if we consent, in connection with loans obtained through certain Affiliated loan programs (i.e., the Loan Management Account® and Mortgage 100®/Parent Power® mortgage programs) or through unaffiliated loan programs (together, the "Lending Programs"). The costs, risks and other features and conditions of a loan under the Affiliated Lending Programs are more fully described in the separate lending documentation you receive in connection with any such loan and are not described in this Brochure. The costs, including interest, associated with a loan through any Affiliated Lending Program are not included in the Program Fee and will result in additional compensation to us, our Affiliates, and our financial advisors. The interest charges on any loan combined with the fees charged for Program Services may exceed the income generated by your pledged Account assets and, as a result, the value of your Account may decrease. There are risks, costs, and conflicts of interests associated with Lending Programs. See the sections "Item 6 Investment Strategies and Risk of Loss-Loans and Collateral;" "Item 9 Participation or Interest in Client Transactions and Conflicts of Interest-Participation in Affiliate Lending Programs and Margin."

**Cash Sweep Program and Other Banking-Related Services.** As provided in the brokerage account agreement and documents you executed to open your account, unless you elected the "No Sweep" option, you have consented to having your Account's uninvested cash being treated as a cash balance and being automatically swept to the cash sweep option for your Account under the Cash Sweep Program. For Strategies, unless the cash allocation is invested in a constituent Fund as directed by the CIO, the cash allocation will be treated as a cash balance in the Program Account subject to the automatic sweep functionality.

Cash balances swept to a bank deposit account of our Bank Affiliates under the Cash Sweep Program will bear a rate of interest that has been established for, and in light of the features of, the Cash Sweep Program. The rate of interest for such deposit accounts will be periodically set and reset by the Bank Affiliates in their discretion. The rate is variable and may change at any time after the account is opened without notice or limit.

Under the MLDD Program and RASP, interest rates are tiered based upon a client's relationship with Merrill. Accounts that enroll in the Program and in specified Merrill investment advisory programs receive the highest tier rate available under the Cash Sweep Program. Clients with higher total eligible assets may receive a higher yield on their bank deposits associated with their other Merrill accounts provided their accounts are linked for valuation purposes. For rules regarding linking, please review your underlying brokerage account agreement. The interest rate you earn in the bank deposit account affiliated with the Cash Sweep Program will likely be lower than yields on certain money market funds and other cash alternatives.

An Account's cash balance swept through the MLDD Program or RASP to our Bank Affiliates is insured by the Federal Deposit Insurance Corporation (the "FDIC"), up to the applicable standard maximum deposit insurance amount.



The FDIC limit is generally \$250,000 per depositor, per ownership category, per bank. Deposits maintained in different categories of legal ownership (such as individual accounts, joint accounts or certain retirement accounts) are separately insured by the FDIC, up to applicable insurance limits. FDIC insurance covers both principal and credited interest, up to applicable limits. Any deposits maintained with a Bank Affiliate in the same account ownership category, whether directly, through other Merrill accounts or through any other intermediary, would be aggregated for FDIC insurance limit purposes.

Neither Merrill nor the Bank Affiliates manage or monitor the deposits swept under the MLDD Program and RASP for FDIC insurance limit purposes. Deposits are not aggregated or limited under the MLDD Program and RASP based on the FDIC limits for the same depositor in the same bank across Merrill accounts. Merrill does not undertake through the Program or the Agreement or the underlying brokerage agreement to provide you notice that cash balances in your Account or Accounts or in any of your brokerage accounts exceeds the FDIC coverage limit for any of our Bank Affiliates. Monitoring FDIC insurance coverage limits is expressly not a Program Service. ***Clients are responsible for monitoring the total amount of deposits held at the Bank Affiliates in order to determine the extent of FDIC insurance.***

If your total cash balances held at our Bank Affiliates in any type of deposit account (whether a direct bank deposit account or a sweep deposit account) and/or in any type of bank product exceed the FDIC coverage limits, the amount deposited that is over the applicable standard maximum deposit insurance amount will not be entitled to FDIC coverage.

The agreements and disclosures that you received in connection with establishing your underlying Merrill brokerage account and the [Sweep Program Guide for Merrill Clients](#) include additional information about FDIC insurance. A paper copy can be obtained from us. For additional information on FDIC insurance, visit [fdic.gov](https://fdic.gov).

Certain account types have the option to select the “No Sweep” option under their underlying brokerage agreement which results in cash being held in the account as a cash balance and not ‘swept’ to any available sweep option under the Cash Sweep Program. The cash balance will not earn interest or dividends. The cash held in the Account will be covered by the Securities Investor Protection Corporation (“SIPC”) up to \$500,000 per client, inclusive of \$250,000 for cash. As a registered broker-dealer, Merrill benefits from the possession or use of cash balances, also known as free credit balances in Merrill accounts, subject to restrictions imposed by Rule 15c3-3 under the Securities Exchange Act of 1934.

There are conflicts of interest associated with the Cash Sweep Program which are discussed in “Item 9 Compensation, Conflicts of Interest and Material Relationships-Cash Sweep Program Compensation Received by Us and Our Affiliates” and “Item 9 Participation or Interest in Client Transactions and Conflicts of Interest-Cash Balances and Cash Sweep Program.”

**Custodial Arrangements and Services.** MLPF&S will act as the custodian for the assets held in the Program. Your assets will be maintained in an account established at MLPF&S through the applicable securities (brokerage) account you have opened.

Any assets held in the Program in Retirement Accounts must be and remain free from any lien, charge or other encumbrance. Any assets held in the Program in Accounts other than Retirement Accounts must be and remain free from any lien, charge or other encumbrance (other than a lien, charge or other encumbrance in favor of us or our Affiliates), unless we agree otherwise. You must notify us in writing prior to effecting loans secured by securities in the Program (including loans by our Affiliates) (commonly referred to as “collateralizing”). No specific securities in your Account should be held as collateral to secure any loan you may have.

We will not provide advice on or oversee any of your collateral arrangements. Unless we otherwise agree, the terms of the Agreement will

prevail in the event of any conflict between the terms of the Agreement and your collateral arrangements. You must also disclose to any lender the terms of the Agreement. There are adverse effects of collateralizing Accounts, including, but not limited to, the fact that the lending institution may require additional collateral or liquidation of securities to meet a call, as well as the related tax consequences. You must promptly notify us of any default or similar event under your collateral arrangements as defined in the respective collateral arrangements.

From time to time, Merrill (doing business as Merrill Edge) may offer to clients or potential clients certain promotions or rewards in connection with opening, maintaining or adding assets to a Merrill securities account. Such promotions or rewards may include, by way of example, the payment of a cash reward. The promotions may require a client to request to receive or participate in the promotion or reward, and/or require a client to meet various eligibility criteria. While these promotions or rewards may extend to a client's Merrill securities account that holds assets in the Program, participation in the Program is not a condition for these promotions or rewards.

## Account Features

**Proxy Voting.** You have the right to vote proxies for securities held in your Account and you will retain proxy voting authority for your Account. You cannot delegate to us and we do not accept or assume any proxy voting authority for securities held in your Account. We will promptly send you proxy ballots and related shareholder communications that we receive, as well as any other information intended for distribution to you. You are responsible for taking any actions. If MLPF&S, as custodian of your Account, does not receive voting instructions from you, it will comply with the rules of the SEC and applicable self-regulatory organizations relating to such matters, as required by law. As a broker dealer, MLPF&S uses a third-party service provider for certain proxy-related functions, including processing and forwarding proxy and other issuer related materials, and receives amounts collected by the vendor for the costs of these services as permitted by applicable securities regulations.

**Trade Confirmation Statements.** You will receive trade-by-trade confirmation statements electronically for transactions in your Account.

**Electronic Delivery Service.** By enrolling in the Program and signing the Agreement and consenting to electronic delivery, you have agreed to electronic delivery of Program materials, including this Brochure and the Agreement and any changes, supplements or amendments to these materials as well as other Program notices and materials. We will not send you paper versions of documents as part of the Program unless required by applicable law or in our sole discretion. Please see the information in “Item 4 Electronic Accessibility Requirement.” Certain of our materials, including this Brochure, are compatible with various types of assistive devices, such as screen readers. Other Program materials have varying degrees of compatibility with different assistive devices. If you experience difficulty in accessing a Program document with an assistive device, please contact us at 877.444.0916 and request that the document be made accessible.

## The Program Fee and Other Charges

**The Program Fee Rate.** You agree to pay to us an annual asset-based fee (the “Program Fee”) at the rate of 0.45% (the “Program Fee Rate”) based on the asset value of the Account for the Services provided in the Program under the Agreement. The Program Fee Rate is nonnegotiable and payable monthly in advance. The Program Fee is subject to change from time to time, upon notice to you. Your continued use of our Services will constitute your agreement to any such change. Upon your request, and at no charge, you may contact us by telephone at 877.444.0916 to request information regarding your Program Fee and its calculation.

The Program Fee does not include all of the charges that may apply to your Account. Please see the section “Fees and Expenses Not Covered by the Program Fee” for a list of other fees and expenses that you may be charged and that are not included in the Program Fee.

You may be eligible for benefits such as Program Fee discounts, rebates or credits under certain promotional programs ("Bank programs") that BANA offers from time to time for its banking product clients who also use the products or services of its Affiliates, including Merrill. In general, you must be a banking client of BANA, elect to participate in these Bank programs, and meet certain eligibility criteria of the Bank programs in order to receive the benefits available to clients of Merrill under these Bank programs. For additional information on these Bank programs, please contact us at 877.444.0916 or visit the Program Website.

**Calculation and Payment of the Program Fee.** The Program Fee is payable monthly in advance and generally will be calculated based on the value of the assets in your Account as of the last business day of the prior month. In certain instances and in our sole discretion, we can fully or partially waive or reduce your Account's Program Fee for a particular month or as part of promotional activities. From time to time, Merrill may offer to clients or potential clients certain promotions in connection with newly enrolling an account in the Program. Such promotions can include, by way of example, the waiver of the Program fee for a time period. The promotions could require a client to request to receive or participate in the promotion, and/or require a client to meet eligibility criteria. For additional information on any current promotions relating to a Program Fee waiver, please contact us at 877.444.0916 or visit the Program Website.

When you enroll a new Account in the Program, an initial Program Fee will be assessed during the week following the date on which you have contributed the required minimum level of assets to the Account for the Strategy you select. The initial Program Fee will be calculated and paid to Merrill based on: (1) the market value of the assets in your Account as of the earlier to occur of the last business day of the week or the last business day of the month following required funding; and one-twelfth of the annual Program Fee Rate applicable to such market value and prorated based on the number of days remaining in the month from the date of required funding.

After the initial Program Fee, the monthly Program Fee is typically charged to your Account during the first week of the current calendar month. The Program Fee will be calculated and paid to Merrill based on: (1) the value of the assets in your Account as of the last business day of the previous calendar month; and (2) one-twelfth of the annual Program Fee Rate applicable to such value. If you or we terminate your Account, we will refund to you a pro rata portion of the Program Fee based on the number of calendar days remaining in the month. The refund, if any, will be applied to your Account typically during the week following Account termination. See "Item 4 Funding and Operation of Accounts-Closing an Account and/or Terminating the Agreement" for further information.

**Deduction of the Program Fee from Your Account.** You have agreed in the Agreement as follows:

- Unless otherwise agreed to between you and Merrill in writing, the Program Fee and any other fees payable under the Agreement will be deducted directly from your Account.
- Merrill is authorized to deduct the Program Fee (and any other fees payable) from the assets held in your Account, to the extent permitted by law, if full payment of such Fees has not been timely received or, if earlier, at the time the Account is terminated.
- The Program Fee and any other fees for your Account will be payable, unless otherwise indicated, first from the withdrawal by Merrill of your balances in the bank deposit account, as you authorize in the Agreement or other document, and second from free credit or cash balances, if any, in your Account.
- You will make timely payment of all amounts due to Merrill under the Agreement, and any unpaid Program Fees may result in the termination of your Account.
- Unless this is a Retirement Account, all assets in your Account or otherwise held by Merrill or its Affiliates for you will be subject to a

lien for the discharge of your obligation to make timely payment to Merrill of the Program Fee to the extent permitted by law (and any other fees payable under the Agreement), and Merrill may sell assets in your Account to satisfy this lien.

- You can instruct us to deduct the Program Fee from an alternate account. If you wish to instruct us to collect the Program Fee from an alternate account, please download the form and instructions for selecting an alternate account at: [merrilledge.com/AltDebitForm](http://merrilledge.com/AltDebitForm).
- If free credit or cash balances within the alternate account you have designated for your Program Fee to be deducted from are not available, the Program Fee will be deducted from your Account.

**Services Covered by the Program Fee.** The primary purpose of the Program is to provide you with ongoing fiduciary investment advice and guidance under the terms of the Program. The Program Fee you pay covers the Program's Services, including investment advice and guidance under the Program, as well as brokerage and custodial services relating to your Account. Certain services that are normally available in certain types of brokerage accounts will not be available to your Account enrolled in the Program, including margin lending, check writing, Visa cards and client order entry. The full amount of the Program Fee payable under the Agreement will be charged in accordance with the terms of this Agreement, regardless of the amount of transactions effected in your Account.

**Fees and Expenses Not Covered by the Program Fee.** The Program Fee does not cover:

- Dealer spread charges, mark-ups or mark-downs charged by executing broker-dealers or other over-the-counter transactions in which Merrill or its Affiliate acts as agent or dealer spreads, markup or mark-down charges, underwriting discounts, selling concessions or other transaction charges with respect to any principal transaction effected by MLPF&S or our Affiliate.
- Transfer taxes.
- Exchange fees, alternative trading system fees, required SEC fees or similar fees charged by third parties, including issuers.
- Electronic fund, wire and other Account transfer fees, including certain fees and charges relating to transfer and termination fees, banking-related services, such as banking, check writing services and money transfers, wire transfers including foreign currency wire transfers either in or out of your Account and foreign exchange conversion fees and costs (including any fees or markups or mark-downs in connection with foreign currency exchange or conversions) and certain corporate action fees.
- Fees, expenses and charges charged by Funds or by the managers or sponsors of Funds, including internal fees, expenses and charges of the constituent Funds used in the Strategies.
- Any other charges imposed by law or otherwise agreed to with regard to the Account (including those charges payable to Merrill and/or third parties as described in the Brochure).

The Strategies available in the Program utilize ETFs and mutual funds, each of which has internal fees and expenses that are specified in the individual Fund prospectus or offering materials. For investments in constituent Funds that are part of the Strategy, you will bear your proportionate share of such constituent Funds' fees and expenses including, but not limited to, management fees and performance-based compensation paid to such Funds' investment managers or their Affiliates, fees payable to the constituent Funds' professional and other service providers, transaction costs and other operating costs. All of these fees and costs may be material, and some may be paid to Merrill and its Affiliates as compensation for services rendered. Any contingent deferred sales charge, redemption or other fees imposed by a Fund manager as a result of your redeeming a mutual fund to invest in a Strategy will be separate from, and, in addition to, the Program Fee. The Program Fee does not cover or offset any of the fees and expenses that any constituent Fund may incur for transactions

occurring within the constituent Fund itself, including commissions and other transaction-related charges incurred by the constituent Fund, even if we effect these transactions for the constituent Fund or provide services to the Fund.

The Program Fee does not include certain fees and charges relating to transfers and terminations, certain corporate actions and banking-related and cash transfer services, including banking, check-writing services and money transfers, wire transfers, foreign currency wire transfers and conversions. Certain of these fees and charges are detailed in the [Merrill Edge Self-Directed Commission Schedule and Miscellaneous Fees](#), available at [merrilledge.com/pricing](http://merrilledge.com/pricing). Please see the brokerage account agreement and account enrollment documents relating to brokerage services and related transactions and account fees for your Merrill account. If you have any questions about any charges or fees applicable to your Account, please contact us at 877.444.0916.

When your Account invests in Funds, you generally will purchase shares that have no front-end sales load or contingent deferred sales charge, or for which such loads or charges are waived. However, as a Fund investor, you will bear your proportionate share of such Fund's fees and expenses including, but not limited to, management fees and performance-based compensation paid to the Fund's investment managers or their Affiliates, fees payable to the Fund's professional and other service providers, transaction costs and other operating costs. Any Fund redemption or other fees imposed by a Fund manager as a result of you redeeming the Fund to invest in a particular Program Strategy will be separate from the Program Fee. The Program Fee does not cover or offset any of the fees and expenses that any Fund may incur for transactions occurring within the Fund itself, including commissions and other transaction-related charges incurred by the Fund, even if we effect these transactions for the Fund. Except as otherwise provided for Retirement Accounts, the Program Fee will not be reduced even if MLPF&S or its Affiliate effects transactions for the Funds or otherwise provides services to the Funds for compensation.

**Determination of how the Program Fee is Charged.** Except as noted, you will be charged the Program Fee on all assets in your Account, including cash and cash alternatives. Generally, all Account values used to determine the Program Fee are based on the value of the assets in your Account, as determined by MLPF&S. In calculating such Account values, we will use a variety of pricing sources, including our Affiliates.

The Program Fee will be applied to any cash and any cash alternatives held within your Account, including any cash and any cash alternatives held as part of the Income-Focused Strategies. This includes (1) money market funds and other cash alternatives held as part of the Strategy; (2) Cash that is treated as a cash balance which is automatically swept into a cash sweep option applicable to your Account in accordance with the Cash Sweep Program; and (3) cash in your Account due to your having chosen the "No Sweep" option as provided for in the Merrill brokerage account agreement. The Program Fee is in addition to other compensation that we and our Affiliates earn on cash and cash alternatives held in your Account, including a cash allocation for an Account with an Income-Focused Goal.

Depending on interest rates and other market factors, the yield that you earn on cash balances and cash alternatives has been, and can be in the future, lower than the Program Fee that you may pay on assets held in your Account. **As a result, depending on the interest rate environment, you may experience a negative overall investment return with respect to cash and cash alternatives and, in some situations, the effective return on cash held in a bank deposit account can be negative.**

For more information about the Cash Sweep Program, including compensation and benefits we and our Affiliates receive, see "Item 4 Funding and Operation of Accounts-Cash Balances and the Cash Sweep Program" and "Item 9 Participation or Interest in Client Transactions and Conflicts of Interest-Cash Balances and Cash Sweep Program."

## Ability to Obtain Certain Services Separately and for Different Fees

You should consider the brokerage and investment advisory services we make available to determine which may be most appropriate for you. You may be able to obtain some or all of the types of Services described in this Brochure from us without participating in the Program. If you were to do so, your total cost may be lower or higher than the Program Fee.

You may also be able to obtain the same or similar Services, investment solutions, or types of investments through other programs or services (in either other investment advisory programs or in brokerage) offered by Merrill. These may be available at a lower or higher fee than the fees charged for the Program. You may also be able to obtain some or all of these types of services from other firms, and if they are available, the fees associated with them may be lower or higher than the fees we charge.

More broadly, when you compare the services, investment solutions, account types and programs and their relative costs, you should consider various factors, including the following:

- Your preference for an investment advisory or brokerage relationship.
- Your preference for a discretionary or a nondiscretionary relationship.
- Your preference for a fee-based or commission-based relationship.
- Your preference for an online-only relationship compared to having access to a financial advisor.
- The types of investment vehicles and solutions that are available in each Merrill program or service.
- Whether a particular investment solution offered in one service is available through another Merrill program or service at a lower or higher cost.
- How much trading activity you expect to take place in your account.
- How much of your assets you expect to be allocated to cash.
- The frequency and type of client profiling reports, performance reporting and account reviews that are available.

We offer other investment advisory programs, including Merrill Guided Investing with Advisor ("MGI with Advisor"), the Merrill Edge Advisory Account program ("MEAA"), which is very similar to the MGI with Advisor program, and the Merrill Lynch Investment Advisory Program ("IAP"). These investment advisory programs have different service models and set of investment offerings than the Program.

With MGI with Advisor and MEAA, you may access certain of the Strategies available in the Program for a fee that is greater than the Program Fee and obtain access to a broader range of investment solutions and access to a Merrill representative for advice and guidance as to those investment solutions through a call center or at select bank branches. MGI with Advisor and MEAA only offer certain strategies and not the fuller complement of strategies available in IAP.

In the case of IAP, from a service model perspective, you have direct access to and advice and guidance from your dedicated financial advisor, whom you have personally selected and chosen to work with to discuss the particular investment strategy and available alternatives. Through IAP, you have access to a much larger set of managed investment strategies and the ability to access investment approaches and investment products and solutions that are unavailable in the Program, MGI with Advisor or in MEAA. The Program only offers access to a limited list of Strategies constructed by the CIO and not the fuller complement of Strategies available in IAP. Depending on the IAP fee agreed to with a Merrill financial advisor chosen by you, the Strategies, as well as other managed strategies that are similar to those available in the Program, could be available at a higher or lower cost than is charged in this Program. We have provided you with materials that help to explain the various platforms and programs we offer, including our Form CRS and "Summary of Programs and Services" available at [merrilledge.com/relationships](http://merrilledge.com/relationships). These documents are available on the Program Website.



## Funding and Operation of Accounts

**Establishing an Account.** By signing the Agreement, you can open an Account and enroll in the Program electronically. You may need to sign a separate agreement if you want to open an account, including in any other account ownership capacity, such as a trustee of a trust, as a custodian of an account for a minor or as a joint account owner.

The effective date of the Agreement for your Account will be the date of its acceptance by us and will be indicated in the Program Report, also known as a Portfolio Summary, for the Account. The Agreement will not apply to any accounts not reflected in the Program Report. As discussed above, you must provide us with a valid email address to enroll in the Program. Our advisory relationship begins upon the effective date of the Agreement with you. Any preliminary discussions or recommendations provided to you before we accept the Agreement do not constitute investment advice under the Advisers Act and should not be relied on as fiduciary investment advice.

A Client request to enroll in the Program or to initiate a Strategy change is not considered a market order due to the requirements for enrollment including funding as well as the administrative processing time needed to implement enrollment instructions. We will initiate Program Services for new Accounts after your execution of any required Account documentation, approvals and funding of the Account and expect such enrollment to occur promptly.

**Funding Your Account.** You may fund your Account by depositing cash and/or securities acceptable to us. We may determine in our sole discretion that certain assets, including securities or pending orders relating to securities, are ineligible for the Program or otherwise unacceptable. If we determine in our sole discretion that any contributed investments are ineligible or are unacceptable by your execution of the Agreement, you are authorizing us to sell those investments promptly and to charge a commission for the sale of these assets. We also may request that you take action to transfer the ineligible assets out of an Account. Failure to comply with the request to transfer such assets out of an Account enrolled in the Program may result in that Account's termination from the Program.

We will as a general matter sell any assets you have in your Account in order to invest in accordance with the particular Strategy that you select for your Account. If we determine not to sell the particular asset, are unable to sell the asset or if you specifically direct us in writing to not liquidate the asset (before it has been liquidated), we have the right to transfer the asset to a securities brokerage account. We will not act as a fiduciary or an investment adviser in connection with these transactions. You are responsible for all tax liabilities arising from the sale of these securities. If we are unable to liquidate investments transferred for the purpose of funding your Account, we will not be able to enroll your Account in the Program and if your Account is already enrolled in the Program, your enrollment may be terminated. In such cases, we will notify you of your options which may include transferring securities to a new or existing securities (brokerage) account (not part of this Program) or sending the securities back to the originating firm or account.

### **Special Note about Funding your Account with Mutual Fund Shares.**

Before contributing mutual fund shares to the Program, you should consider the fact that you may have paid a front-end sales charge and may be obligated to pay a contingent deferred sales charge or redemption fee, if the mutual fund shares are redeemed by us in order to invest in the Strategy you have selected. These fees, where applicable, will remain your responsibility and will be in addition to the Program Fee.

Each mutual fund has its own system of share classes for certain types of clients and accounts. The Program eligible mutual fund share classes vary depending on the mutual fund, its roster of share classes and our agreements with them. In general, the share classes that are eligible for the Program do not have any sales loads or annual asset-based fees (often referred to as "service fees" or "Rule 12b-1 fees"). There are some mutual funds available in the Program that have such annual asset-based fees due to share class availability.

If you contribute or hold mutual fund shares that we deem to be ineligible for the Program, we will either sell them and purchase the share class eligible for the Program if consistent with the Strategy model or we will exchange them, under the authority provided to us under the Agreement, mutual fund prospectus rules and our own policies, into the Program-eligible share class as promptly as practicable if consistent with the Strategy model. We may also require you to remove them from the Account.

We may not elect to exchange particular share classes of a mutual fund if, for example, there is no equivalent class eligible for the Program or if other circumstances exist. Prior to contributing any mutual fund shares to your Account, you should consider the impact of the sale or exchange of these shares. By contributing mutual fund shares to your Account in the Program, you could be subject to higher expenses overall once the shares are exchanged into a class we deem to be eligible or if you held them in your brokerage account.

In addition, from time to time, a constituent Fund may authorize us to make available to clients participating in the Program a class of shares with a lower fee structure that we believe is more beneficial to you than the class of shares previously made available in the Program. Where such exchange is available, under the authority provided to us in the Agreement, we will effectuate an exchange to the other class of shares of the same mutual fund with the lower fee structure as promptly as practicable upon becoming aware of such availability.

**Contributions and Withdrawal Requests.** Contributions of cash and securities to your Account may be made at any time. There may be a delay between the date that securities are contributed to a Strategy and the date that MAA invests such funds (or liquidates contributed securities if applicable). We will not be liable for any lost opportunity profits that may result from a delay in investing or liquidating any contributed securities in order to invest the proceeds into a Strategy.

For withdrawal requests, the liquidation of certain securities will typically be required. Withdrawal requests will be implemented as promptly as practicable, although implementation of the withdrawal may be delayed in certain instances, such as during periods of extreme market volatility. The following will apply to our handling of a withdrawal request:

- You can make a request to withdraw your assets via the Program Website or by calling us at 877.444.0916. If you have questions or would like information relating to a withdrawal request, you can also call us at this number.
- We require at least five business days' prior notice to withdraw assets from your Account. For certain Strategies and/or securities and in certain situations, it may take longer than five (5) business days before you can access your requested funds. MAA's ability to liquidate may be impacted by market conditions and events or pending rebalancing actions being taken for the Account.
- Withdrawal requests will be handled as promptly as practicable given other activities that may be occurring at the same time in an Account, like changes to a Strategy, any rebalancing transactions in process and other activity affecting the Account.
- Funds must be withdrawn from the Account by you as soon as practicable after settlement date and if the requested funds are not withdrawn from the Account within fifteen calendar days after the settlement date, the funds may be subject to reinvestment into the relevant Strategy without notifying you.
- We reserve the right to liquidate, redeem or exchange Funds and other securities that are transferred from an Account to a brokerage account.
- We reserve the right to terminate any Account that falls below (1) for the Total Return-Focused Strategies, the required minimum asset size of \$1,000 and (2) for the Income-Focused Strategies, the required minimum asset levels as we determine from time to time; or, in either case, as otherwise reflected in the applicable Profile for the Strategy.



- You will continue to pay the Program Fee with respect to the value of your Account investments until the proceeds from any sale or redemption of such securities is settled and the proceeds moved out of the Account.
- Taxable gains and losses may be realized as a result of your withdrawal instructions.

**Automatic Withdrawal Service for Growth-Focused Goals.** Through the Program Website, you may enroll at no additional cost in the Automatic Withdrawal Service available from Merrill as custodian of your Account. Through this service, you request scheduled withdrawals from your Account to an eligible account designated by you. By doing so, you authorize and instruct us to effect the chosen scheduled withdrawals and any related securities transactions for the withdrawals on an ongoing basis without making any additional contact with you. Your instructions will continue in effect until you change or cancel your instructions, your instructions expire by their stated terms, your Account is approaching and/or reaches the required minimum or your Account is terminated. Information relating to your schedule of automatic withdrawals will be displayed on the Program Website. You can change or cancel your scheduled instructions at any time.

You should carefully review and understand the terms of Automatic Withdrawal Service on the Program Website and how the service affects your Account before enrolling. We may terminate the offering of this service at any time upon prior notice to you. We will attempt to process all withdrawal requests in a prompt manner. If your withdrawal request requires the liquidation of any securities, it may take up to 10 business days to process. Frequent withdrawals may affect the performance, asset allocation and achievement of your investment goal for your Account. Neither Merrill, MAA nor our Affiliates, employees, or agents will be liable for any loss or expense that may result from your use of any of this service. There may be current tax consequences with any transaction occurring under this service. We do not provide tax, accounting or legal advice and you should review any planned financial transactions or arrangements with your professional tax or legal advisors for these matters.

**Required Withdrawals for Income-Focused Goals.** Recurring withdrawals for your Income-Focused Goals have special processing guidelines. Each year the total amount needed to meet the annual withdrawal amount will be allocated to cash and/or cash alternatives (the "Cash Withdrawal Allocation") in the Account until the scheduled withdrawal date(s). The scheduled recurring withdrawal amount for the initial year will be calculated (if applicable) and processed to an Account's Cash Withdrawal Allocation once instructions are provided to us during or shortly following the enrollment of your Account in the Program. The scheduled recurring withdrawal amount for each subsequent calendar year will be calculated (if applicable) and processed to an Account's Cash Withdrawal Allocation by the beginning of that calendar year.

As part of your instructions, you can elect to withdraw the full amount of the Cash Withdrawal Allocation in your Account as a one-time withdrawal request at the beginning of, or at any time throughout, the year. One-time withdrawal requests in an Account will be processed in accordance with our standard withdrawal request guidelines described above. You can also elect to withdraw partial amounts of the Cash Withdrawal Allocation in your Account over the course of the year at a set frequency we make available (e.g., monthly). You will be charged a Program Fee on the Cash Withdrawal Allocation amount held in your Account until amounts are withdrawn from the Account. You can instruct that the withdrawal amounts be directed to a separate brokerage account or in a deposit account at a Bank Affiliate or at other banking institution. Since these types of accounts are not Program Accounts, the cash in these accounts will not be subject to the Program Fee and will not receive any Program Services. We will not be an investment adviser or fiduciary with respect to such cash in these accounts. If you take withdrawals from your Account that exceed the actual income, it will impact future recurring cash withdrawals. Your instructions will continue in effect until you change or cancel your instructions, your instructions expire by

their stated terms, your Account is approaching and/or reaches the required minimum or your Account is terminated.

It is important to understand that changes you make to the amount of recurring withdrawals and any unscheduled cash withdrawals will result in changes to the amount of recurring withdrawals that you will receive over the term of your Account in the Strategy. Choosing an amount of recurring withdrawals that is higher than the hypothetical projections or actual income received or making unscheduled withdrawals will result in lower hypothetical projections in future years and reduce the amount of future recurring withdrawals over the term of your Account in the Strategy.

Unless the CIO directs that your Account's Cash Withdrawal Allocation be invested in a cash alternative, like a money market fund, your Account's Cash Withdrawal Allocation will be treated as a cash balance in your Account that will be automatically swept to the cash sweep option applicable to your Account under the Cash Sweep Program. Other than for Retirement Accounts, there is also a "No Sweep" option. You will be charged a Program Fee on any cash balances and cash alternatives held in your Account. For additional information on cash balances and the Cash Sweep Program, see Item 4 at the sections "Treatment of Cash Balances in your Account" and "Brokerage, Banking-Related and Custodial Arrangements and Services-Cash Sweep Program and other Banking-Related Services."

Any cash allocations invested in a money market fund are subject to such money market fund's management, distribution, transfer agent, and other expenses. These fees and expenses are in addition to, and will not reduce, your Program Fee, except as required by law. We receive compensation in connection with any such money market fund holdings. See "Item 4 The Program Fee and Other Charges-Determination of how the Program Fee is Charged" and "Item 9 Participation or Interest in Client Transactions and Conflicts of Interest."

We have a conflict of interest regarding the use of bank deposits as a cash sweep option because such use benefits Merrill and benefits our Bank Affiliates. See "Item 9 Compensation, Conflicts of Interest and Material Relationships-Cash Sweep Program Compensation Received by Us and Our Affiliates" and "Item 9 Participation or Interest in Client Transactions and Conflicts of Interest-Cash Balances and Cash Sweep Program."

**Changing Your Strategy.** You may be presented with a new recommended Strategy in the future to reflect a change to information you provided through the Online Profiling Process such as a change to your financial situation, time horizon, and risk tolerance, or for other reasons. We will implement any approved change to the Strategy that you select as soon as reasonably possible.

**Closing an Account and/or Terminating the Agreement.** The Agreement may be terminated at any time by either us or you, with written notice to the other parties. The termination of the Agreement will terminate enrollment of the Account in the Program. You can request to terminate your Account's enrollment in the Program either online via the Program Website or by phone at 877.444.0916. Any request to terminate will be confirmed with you via email. If you terminate enrollment of your Account in the Program online, your positions will remain intact in a securities (brokerage) account with Merrill (Merrill Edge Self-Directed Investing).

Termination of your Account will be effective following the completion of processes that may be required to terminate the Account, including any required liquidations. If you would like to liquidate all or part of your positions when terminating your enrollment in the Program, you may do so by calling us at 877.444.0916. We will attempt to process your requests in a prompt manner. If your withdrawal request requires the liquidation of any securities, it may take up to 10 business days to process.

We will not be responsible for market fluctuations in your Account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner. Factors that affect the orderly and efficient liquidation of an Account include, but are

not limited to, size and types of securities, liquidity of the markets and market-makers' abilities. Due to the administrative processing time needed to terminate an Account, termination requests cannot be considered market orders. It could take up to several business days under normal market conditions to process your request.

Upon termination of an Account or the Agreement, a pro rata adjustment to the Program Fee for the remainder of the billing period will be made, which may result in a refund of a portion of the Program Fee monthly payment. In addition, your Account will be converted to, and designated as, a brokerage account that will be subject solely to the terms and conditions of the Merrill securities brokerage account agreement. Upon termination of the Agreement, you (or the legal representative of your estate) will have the sole responsibility for the investment of assets in your securities (brokerage) account at Merrill. In the event of a termination, the Account assets will not be liquidated but will be held in your brokerage account.

For certain mutual funds, the advisory share class of such funds are not eligible to be held in an account that is not enrolled in the Program. Upon Account termination, termination of the Agreement or if you or we move or transfer the mutual fund shares from your Account to a brokerage account, we will automatically liquidate, redeem or exchange these shares into another appropriate share or unit class in accordance with the applicable offering materials and our own policies without providing prior notice.

Additional fees and expenses may apply upon such liquidation, redemption or exchange. Any liquidation, redemption or exchange will generally be effected as soon as practicable, which may be as soon as the close of the next business day following a termination or transfer.

Brokerage share classes of mutual funds generally will have higher operating expenses than advisory share classes of mutual funds that are eligible for the Program and will charge sales loads and annual asset-based fees only applicable to the brokerage share classes. These fees will be used to compensate Merrill or one of its Affiliates.

**Cash Balances and the Cash Sweep Program.** Your Account will have a cash allocation that will be based on the asset allocation and investment determinations that the CIO has made and, if applicable, amounts of cash set aside for the Cash Withdrawal Allocation of an Account with an Income-Focused Goal. The CIO determines whether to keep a cash balance for operational and/or investment purposes as part of the Strategy. In certain circumstances, including periods of volatile or uncertain market conditions, any such cash allocation may comprise all or a substantial portion of your Account assets invested in a particular Strategy based on, for example, concerns about the market, a decision to pursue a defensive investment strategy, or for cash management purposes. Some portion of your Account will be held in cash for operational considerations, including transaction processing and Program Fee collection.

Unless the CIO directs that your Account's cash allocation be invested in a cash alternative, like a money market fund, your Account's cash allocation will be treated as a cash balance in your Account that will be automatically swept to the cash sweep option applicable to your Account under the Cash Sweep Program. Other than for Retirement Accounts, there is also a "No Sweep" option. You will be charged the Program Fee on the cash or cash alternatives held in your Account.

We have a conflict of interest regarding the use of bank deposits as a cash sweep option because such use benefits Merrill and benefits our Bank Affiliates. See "Item 9 Compensation, Conflicts of Interest and Material Relationships-Cash Sweep Program Compensation Received by Us and Our Affiliates" and "Item 9 Participation or Interest in Client Transactions and Conflicts of Interest-Cash Balances and Cash Sweep Program."

You can hold cash in a separate brokerage account or in a deposit account at a Bank Affiliate or at other banking institution. This cash will not be subject to the Program Fee and will not receive any Program monitoring and other Program Services. We will not be an investment adviser or fiduciary with respect to such cash.

**Legal Matters and Related Services.** We will not advise or act for you with respect to any legal matters for securities held in your Account, including bankruptcies or class actions and as your broker dealer, MLPF&S will endeavor to send you any documents received with respect to such matters.

**Your Responsibilities for Account Operation and Management.** You must notify us through the Program Website and the Online Profiling Process promptly of any material change in financial circumstances, investment objectives or investment restrictions that may affect the nature of the investment advice and services provided to Program Accounts. You are responsible for monitoring the total amount of deposits held at any one bank, including at any of our Bank Affiliates, for FDIC insurance limits. There is more detailed information about FDIC insurance and limits in the [Sweep Program Guide for Merrill Clients](#). See "Item 4 Brokerage, Banking-Related and Custodial Arrangements and Services—Cash Sweep Program and Other Banking-Related Services."

**Tax Matters.** You are responsible for all tax liabilities and tax-return filing obligations arising from the transactions in your Account enrolled in the Program. We do not, and will not, offer tax advice to you and we strongly encourage you to seek the advice of a qualified tax professional. You should also understand that we are not responsible for attempting to obtain any tax credit or similar item or preparing and filing any legal document (including, but not limited to, proofs of claim) on your behalf.

You should be aware that tax consequences may arise when Strategy changes occur such as rebalancing, liquidations and redemptions. Except to the limited extent described in this section, we specifically disclaim any undertaking of tax management of your Account or investments and assume no responsibility for any resulting tax consequences. Additionally, if you direct us to take certain actions for tax related reasons, there is no assurance that your desired tax effect will be realized. For example, if you direct us to realize gains in your Accounts, when we resume normal trading activity, such activity could generate new taxable losses or gains, and the same or similar securities may be repurchased. Similarly, if you direct us to realize losses in your Account, when we resume normal trading activity in your Account, such activity could generate new taxable losses or gains.

Upon your request to realize losses within an Account, we will attempt to undertake the following: (1) restrict purchases of substantially identical securities in the Account for a minimum of thirty-one calendar days following the sale of securities at a loss in the Account; (2) restrict sales of substantially identical securities in the Account that are currently at a loss for a period of thirty-one calendar days following the purchase of securities in the Account; and (3) at our discretion, engage in strategies to invest the available proceeds for varying time periods in substitute securities, current holdings, and/or alternative securities such as ETFs.

We do not make any guarantee that these actions will be successful in recognizing these losses. We are not providing any tax advice with respect to the effects of these transactions including whether a loss has been recognized under the wash sale rules under the Code. We do not take into account the trading activity in any of your other accounts, including your other Accounts in the Program or any accounts you have with Merrill or its Affiliates or third parties. You should consult your own professional tax advisor regarding the tax consequences of these transactions. You should be aware that as a result of these transactions, a higher than normal cash position may result for a period of time. In addition, this type of transactional activity may adversely affect Account performance and may increase the volatility of its results.

## Item 5. Account Requirements and Types of Clients

As a requirement, you must establish an Account and enroll in the Program electronically through the use of the interactive Program Website as

described in the Agreement and this Brochure. Investors generally eligible to participate in the Program include individuals, certain trusts, Retirement Accounts, joint account owners and custodians for an account for minors.

Following enrollment, an Account must maintain a minimum asset amount set by us in our discretion in order for us to provide Program Services. If your Account's assets do not meet this minimum, we may request that you contribute additional funds to your Account. If you decide not to take the requested action, we reserve the right to terminate your Account from the Program, which converts the Account to a brokerage account type. We may change these minimums at any time.

**Total Return-Focused Strategy Minimum.** The minimum initial investment requirement for your Account is \$1,000 or as otherwise provided on the Profile for the Strategy. We may waive or change this minimum at any time.

**Income-Focused Strategy Minimum.** The minimum initial investment requirement for your Account is \$50,000 or as otherwise provided on the Profile for the Strategy. We may waive or change this minimum at any time.

## Item 6. Portfolio Manager Selection and Evaluation

### Review and Selection of Strategies and Funds Available in the Program

**General.** Through the Program, clients have access to Strategies that offer investment solutions with various investment styles and risk. As a general matter, we decide whether to include particular Strategies and constituent Funds in the Program (or to remove them from the Program) based on a variety of factors, including client needs, investment styles, availability in the marketplace, platform capacity, client demand and the outcome of certain reviews that are conducted by or under the auspices of Merrill, including through the CIO.

**CIO Review Process.** The initial and periodic reviews of Strategies and constituent Funds that comprise the Strategies are performed by our product teams through an internal business review. In addition, for the review of Funds, including those to be included in the Strategies constructed by the CIO, we have in place an investment review conducted by or under the auspices of personnel of the CIO, referred to as the "CIO Review Process." All constituent Funds included in the Strategies are subject to the CIO Review Process.

The CIO Review Process consists of proprietary processes conducted by the CIO and those processes and reviews provided by third-party reviewers that we have engaged for this purpose. The third-party reviewer services are generally consistent with the multi-factor processes that the CIO deploys but they are not identical. We, through the CIO, have reviewed such third-party reviewers' processes and believe they are reasonable and appropriate in light of the objectives of the Program.

Once we identify a need for a particular investment management style, or strategy, a quantitative and qualitative due diligence process is employed, including but not limited to, the organizational structure and stability of the investment manager or Fund manager or sponsor, adherence to investment style, including sustainability or ESG attributes, where relevant, evaluation of risk and volatility, investment professional and strategy resources, investment philosophy and process, portfolio construction, performance, and operating and administrative capability. Based on these factors and using the information collected, the CIO Review Process involves quantitative and qualitative analytical methods, some of which may be subjective. Generally no single factor will be determinative. There is no assurance that the CIO Review Process or our internal reviews will identify the best performing Funds.

Our reviews may involve in-person visits, telephone conference calls, reviews of performance, and updates of certain Fund manager prepared

materials or Fund documents and information. We may also conduct periodic analysis of composite performance to determine whether that performance generally appears to be consistent with that of the Funds. We do not perform audits of Funds to verify past performance information that the Funds provide to us. For each Strategy, we will periodically evaluate factors related to the Strategy and constituent Fund investments that we deem appropriate.

For each Fund available at Merrill, including the constituent Funds, we will periodically evaluate factors related to the Fund investments that we deem appropriate. In addition, we may initiate reviews based on various factors determined by us and the CIO to be appropriate, including the level of assets in a Strategy or constituent Fund in client accounts at Merrill or its Affiliate, the number or percentage of Merrill or its Affiliate clients in a Strategy and constituent Funds and the asset class involved. If we identify concerns regarding a Strategy or constituent Fund that we find significant or important, we may choose not to accept any new investments in that Strategy or the constituent Fund. A drift or variation of the style of management of a particular Strategy or constituent Fund from the stated style does not require a removal from our Program offering. Merrill retains the decision-making authority to add or remove a Strategy or constituent Fund from the Program, regardless of, or in light of the results of, any review conducted, including through the CIO Review Process.

BofA Global Research publishes research reports and ratings ("Research Ratings") regarding a select universe of ETFs and other exchange-traded products (collectively, "ETPs"). These Research Ratings on ETPs are intended to assess the potential for outperformance of ETP peers in the same coverage category. The CIO Review Process and conclusions from that process do not rely on or otherwise use the Research Ratings as an input or factor. The CIO, BofA Global Research and other business units of BofA Corp. apply different methodologies in their review of exchange traded products and closed-end funds and may arrive at different or inconsistent conclusions.

*Our review of Funds does not substitute for your ongoing monitoring of your Account and the performance of your investments.*

### Strategy Construction

Through the Program, we, through the CIO, will construct the Strategies and select the Funds and the allocations or allocation ranges for each Strategy. In general, we develop the Strategies in an effort to seek to strike a balance between current income and growth for Total-Return Focused Strategies and to seek to obtain a continuing stream of income from investments and that changes over time and for recurring Account withdrawals through a stated end year for Income-Focused Strategies, as described in the Profile for the particular Strategy.

The CIO selects the constituent ETFs, mutual funds, money market funds for the particular Strategy and, when doing so, selects only those subject to the CIO Review Process and those that are considered to have sufficient assets under management and to meet minimum trading volume parameters. In addition, it considers and evaluates their share price or net asset value, along with the corresponding allocation weighting, in light of the Strategy's investment minimum.

The CIO determines the allocations or allocation ranges for the Strategies. It develops the strategic asset allocations for the Strategies based on its long-term expected return, risk and correlation assumptions for each asset class ("capital market assumptions"), its view of the appropriate long term allocation guidelines to follow in light of market conditions, expected trends and, as applicable, corresponding tactical asset allocation adjustments. The tactical asset allocation adjustments are applied to those long-term asset allocations based on the CIO's near-term market, economic and asset class expectations. These tactical adjustments overweight or underweight specific asset classes, incorporating its investment views on how market dynamics, phases of the economic or business cycle, and particular investment themes may affect the CIO Style Manager Strategies. In order to determine tactical

asset allocations, the CIO utilizes internal as well as third-party research and data at both the macro and micro levels.

Once the Strategies are constructed, the CIO regularly monitors and reviews them and makes adjustments based on asset allocation changes. The Funds used in the Strategies are also periodically reviewed to ensure they continue to meet the criteria for inclusion. The Strategies are also subject to internal governance and oversight processes on a periodic basis, which may include a review of Strategy performance against expectations as well as any applicable investment or regulatory restrictions.

In addition, for Income-Focused Strategies, the CIO provides estimates of projected income amounts (e.g., baseline and variable) based on your initial investment, withdrawal start year and the Strategy that you select. The projected income amounts for the future years are based on your investment amount, your Target Asset Allocation and a U.S. Treasury Yield Curve. A U.S. Treasury Yield Curve is a collection of yields of U.S. Treasury bills, notes, and bonds with different maturities. The projected income amounts are calculated to increase by applying a cost-of-living adjustment that assumes a constant inflation rate for your Time Horizon. The projected income amounts may be adjusted to higher amounts in future years based on the performance of the portfolio and based on the previous projected income amounts. The projected income amounts additionally depend on the capital market assumptions set by CIO. The capital market assumptions are long-term views of major asset classes—including stocks, bonds, cash, and alternative investments. More specifically, they are estimates, for a 25-year planning horizon of the expected returns, volatility, and correlations of a set of asset classes that is broadly representative of the investment universe. The projected income amounts will be adjusted based on the capital market assumptions of the asset classes, prior withdrawals and the performance of the portfolio. They are hypothetical estimates and are intended for illustration purposes only. For more information about how these projections are calculated, how the information you provide is used, the assumptions used and limitations of these projections, please consult [“Hypothetical Income Projections Tool”](#) document available on the Program Website. **HYPOTHETICAL PROJECTED INCOME IS NOT GUARANTEED AND DOES NOT PREDICT ACTUAL FUTURE PERFORMANCE.**

The Program does not currently offer any Related Funds. However, to the extent any Related Funds become available, we may determine to include them in a Strategy. The conflicts of interest and other considerations arising from the use of Strategies constructed, implemented and managed by Merrill or any of its Affiliates or Related Companies are discussed in “Item 9 Compensation, Conflicts of Interest and Material Relationships.”

## Profiles and Other Information Available Regarding the Strategies

You will be provided with a document that contains a description of the Strategy you select referred to as a “Profile” on the Program Website. You should carefully read the Profile provided and understand the relevant objectives, styles and risks. The Profiles for the Strategies include performance information from MAA. No claim is made that performance information contained in a Profile has been calculated according to any industry standards. Your Account performance also may differ for a variety of other reasons, including timing of enrollment in the Program, client-imposed Reasonable Investment Restrictions and Firm restrictions and other considerations.

Please note that any past performance shown on a Profile is not indicative of future results and your investment performance for any Strategy in your Account may differ from the information presented in the Profile for that Strategy.

We will also make available on the Program Website the applicable Prospectus and/or disclosure documents for the Funds included in your Account, in our discretion and/or as required by law. These disclosure documents will describe the relevant objectives, styles and risks of the constituent Fund. We make available information on the Program Website of

regular or ad hoc publications, including those from the CIO that reflect its opinions and views with respect to a Strategy or constituent Fund.

## Relationship of the Program with Third Parties and Other Affiliate Programs at Merrill

In addition, other BofA Corp. Affiliates or divisions may offer their own managed products or wrap programs that may be similar to this or other Merrill programs. In particular, we may also provide advice and/or recommendations to these different Affiliates or divisions, including advice related to the recommendation of certain investment managers. Importantly, the advice and recommendations provided to Merrill may be different from or conflict with the advice and recommendations provided to other Affiliates or other programs. This is due to, among other things, the differing nature of the Affiliate’s investment advisory service and differing processes and criteria upon which determinations are made.

Further, although the CIO releases information and analyses used in the Program to all BofA Corp. Affiliates simultaneously and BofA Global Research may make its research opinions and research reports available regarding securities and research strategies at the same time, it is possible that such Affiliates will act on that information before Merrill or MAA has had the chance to evaluate and act on those changes. Accounts participating in Merrill programs that commence trading after those of other Affiliates may be subject to price movements, particularly with large orders or where securities are thinly traded, that would cause them to receive prices that are less favorable than those obtained by Affiliates.

## Merrill and Certain Affiliates Acting as Portfolio Managers

We will generally act as the portfolio manager for your Account as described above in Item 4 at the section “Investment and Trading Authority; MAA’s Role.” We act as both the wrap fee program sponsor and portfolio manager for the Strategies offered through the Program and receive the Program Fee as described in this Brochure. We also act as the portfolio manager in other wrap fee programs sponsored by us. We act as an investment adviser in certain investment advisory programs, like MGI with Advisor and MEAA, which provide investment advisory services that are similar to the Program Services but are not the same. Additional information is available in “About Us and the Program” and in “Item 4 Ability to Obtain Certain Services Separately and for Different Fees.”

## Tailored Investment Advice

As described above in “Item 4 Services, Fees and Compensation,” we will recommend an Account Target Asset Allocation based on certain information provided by you, and you will be able to select a Strategy for your Account designed for your Account Target Asset Allocation and other information you provide to us. Clients may impose Reasonable Investment Restrictions as described in the “Item 4 Services, Fees and Compensation-Reasonable Investment Restrictions.”

## Performance-Based Fees

The Program does not charge performance-based fees. Certain Funds that may be constituent investments as part of the Strategy you select, however, may be subject to performance-based fees or varying Fund expense charges that are imposed by the Fund’s manager, adviser or other party that are based on performance of the Fund.

## Methods of Analysis

The implementation and management of any Strategy will be dependent upon CIO’s investment expertise, philosophy and process. As described in the “Portfolio Manager Selection and Evaluation” section, we use certain methods of analysis and investment strategies to provide clients with access to professional investment advice and make available a choice of various investment styles and corresponding risk levels. You should understand that all investments involve risk (the amount of which may



vary significantly), that investment performance can never be predicted or guaranteed and that the value of your Account will fluctuate due to market conditions and other factors.

## Investment Strategies and Risk of Loss

Set forth below is a summary description of material risks related to the Services provided in the Program and investment strategies and products that have significant or unusual risks. You should review any investment materials available about investments in your Account including any prospectuses and other offering material produced by issuers and sponsors of investment products.

**General Risks of Investing Through the Program.** All investments involve risk, the amount of which may vary significantly. Investment performance can never be predicted or guaranteed, and the values of your assets will fluctuate due to market conditions and other factors. Investments made, and the actions taken, for your Program assets will be subject to various economic, geopolitical, and market conditions, such as changes in interest rates, availability of credit, inflation rates, global demand for particular products or resources, natural disasters, climate change, economic uncertainty, pandemics and epidemics (e.g., COVID-19), terrorism, social and political discord, debt crises and downgrades, regulatory events, governmental or quasi- governmental actions, changes in laws, and national and international political circumstances risks. Investments will not necessarily be profitable. ***You should review the offering materials and other disclosures available for the Strategies and for the constituent Funds to get an appreciation of their associated risks and fees.***

We make no representations or warranties with respect to the present or future level of risk or volatility in your Account or the Strategy or investment's future performance or activities. You are assuming the risks involved with investing in securities and other investment products, and you could lose all or a portion of the amount held in the Program.

Any target asset allocations (including your Target Asset Allocation) or benchmarks, as applicable, referred to in connection with your Strategy or Account are not intended to be an assurance or guarantee of the performance of any investments in the Strategy or of the Account itself.

There is no assurance that the performance results of any benchmark or index used in connection with a Strategy, including those shown in a Profile can be attained. Market movements and other factors may result in significant differences between the performance of your Account, your Account's Target Asset Allocation and the Strategy selected for your Account.

In addition, you may impose Reasonable Investment Restrictions on your Account that may result in your Account being concentrated in one or a few sectors, industries or securities. Concentrated portfolios typically increase the risk and volatility of the Account and may result in a decrease in diversification. If you align External Assets to any Goal Target that you set for your Account, the composition of those assets, market volatility and conditions and changes that you may make to your External Asset holdings will have an impact on reaching your Goal Target.

**Particular Risks Regarding the Income-Focused Goal.** The hypothetical projected income amount is based on the information you provide to us and the methodology, assumptions and limitations of the tool we use to calculate the hypothetical projections. The assumptions used to derive the hypothetical projected income amount involve a significant element of subjective judgment. In all cases, hypothetical projected income is only an estimate of future results that is based upon assumptions made at the time the projection is developed and other factors as discussed herein. There can be no assurance that the hypothetical projected income will be obtained, and actual income received over the course of the Strategy may vary significantly from the projections. You should expect that the amount of income and recurring withdrawals received each year will change.

The hypothetical projected income assumes that your stated Risk Tolerance does not change over the course of the Strategy. If you change this or other information such as your time horizon or the amount of your initial contribution, the projections will change. The hypothetical projections are presented as of the date on which they are provided. If you perform the calculation on a different date, the results may be different due to the difference in time or if any of the underlying assumptions change, even if your information hasn't changed.

Your investment returns and the amount of income and recurring withdrawals received over the course of your time horizon are subject to changes due to general economic conditions, general market fluctuations, and the risks inherent in securities markets. Investment markets can be volatile and prices of investments can change substantially due to various factors.

You may experience losses or the Strategy may result in you not receiving adequate income, or income consistent with your hypothetical projected income, at and through retirement. This may be due to any of the risks discussed herein and, in particular, any of the following factors, the scope and magnitude of which cannot be predicted with any level of certainty:

- Market fluctuations.
- Economic growth or recession.
- Local, regional, or global events.
- Changes in interest rates.
- Changes in inflation rates.
- National or international political changes.
- Changes in the actual or perceived creditworthiness of issuers.
- General market liquidity.
- Changes in the Tax code.

The Income-Focused Goal does not ensure that you will have assets in your account sufficient to cover your retirement expenses; this will depend on, among other things, the amount of money you have invested in the Strategy, the returns of the markets over time, the amount you spend in retirement, and your other assets and income sources. The Income-Focused Goal and Strategies do not take into account any assets, investments or income you have (such as pension, Social Security benefits or other retirement income) other than your stated initial investment or current investment balance. ***WE DO NOT PROVIDE A GUARANTEE THAT SUFFICIENT INCOME WILL BE ACHIEVED TO PROVIDE ADEQUATE INCOME THROUGH YOUR STATED END YEAR OR THROUGHOUT RETIREMENT.***

If you request that we change your Goal or Strategy, stop or modify the amount or duration of any recurring withdrawals, the likelihood of meeting your Goal may decrease. In particular, if your withdrawal amount is more than the actual income amount, your future annual withdrawal amounts for the rest of your withdrawal period could be reduced significantly.

Certain mutual funds or other products may pursue a similar strategy to the Income-Focused Strategies and may charge lower fees than your Account. The Income-Focused Goal is not an annuity and you should consider whether an annuity product is more appropriate for you.

**Use of Strategies Where Merrill Is the Manager.** The Strategies currently available in the Program are those that are constructed, implemented and managed by Merrill (through the CIO) and one of its Affiliates. These Strategies are not subject to the same level of review that is applicable to third-party manager strategies that Merrill may offer in its other investment advisory programs.

**Effect of Public Health Emergencies.** Public health emergencies, such as the recent form of coronavirus (COVID-19), can create adverse impacts on global commercial activity and contributed to significant volatility in certain equity, debt, derivatives and commodities markets. The global COVID-19 pandemic resulted in the implementation of quarantines, prohibitions on

travel, the closure of offices, businesses, schools, and other public venues, and other restrictive measures. Such measures and the general uncertainty surrounding the dangers and impact of such emergencies, like COVID-19, create significant disruption in supply chains and economic activity and have a particularly adverse impact on a number of industries, including the financial industry and participants. While we have established business continuity and risk management systems, the operations of Merrill and MAA may be materially impacted as a result of public health emergencies of the scale like COVID-19.

**Information and Cybersecurity Risks.** With the increased use of technologies to conduct business, like all companies, Merrill, its Affiliates, and our service providers are susceptible to operational, information security, and related risks. In general, information and cyber incidents can result from deliberate attacks or unintentional events and may arise from external or internal sources. Cybersecurity risk represents, among other things, exposure to failures or interruptions of service or breaches of security, including as a result of malicious technological attacks and other unauthorized access to digital systems for purposes of misappropriating assets or sensitive information; corrupting data, equipment, or systems; or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (making network services unavailable to intended users). Cyber incidents may cause disruptions and affect business operations, potentially resulting in financial losses, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting a Fund in which your Account invests, Fund managers and sponsors, issuers of securities and other interests in which such Fund may invest, counterparties with which a Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers), and other parties.

We, as well as BofA Corp., manage information security risk and cybersecurity risks in accordance with internal policies that govern our comprehensive information security program that are designed to protect the firm by enabling preventative, detective and responsive measures to combat information and cybersecurity risks. There can be no assurance that we or our service providers, will not suffer losses relating to cyber security attacks or other information security breaches in the future. While we have established business continuity and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems.

**ESG themed Strategies or Funds.** There is an increasing number of products and services that purport to offer environmental, social, and governance ("ESG") investment related strategies. The variability and imprecision of industry ESG definitions and terms can create confusion. Fund managers and sponsors have designed their own approach to ESG investing and how they use ESG-related terms for their investment products. You should review the offering materials and Profiles to gain an understanding of how they define and use ESG screens and restrictions in connection with their investment products. Merrill and MAA generally do not undertake a review of these approaches (including, where applicable, any ESG-related investment policy or process followed by the Fund manager) other than as part of the CIO Review Process.,

**ETF Investing.** Certain Strategies you select generally consist of shares of, or interests in, ETFs. As an ETF shareholder, you, along with other shareholders of the ETF, will bear a proportionate share of the ETF's expenses, including, as permitted by applicable law, certain management and other fees, which may be payable to us or a Related Company. An ETF's prospectus contains a description of its fees and expenses. When you invest in an ETF, you will indirectly pay a proportionate share of the ETF's costs for services that may be similar to, or duplicative of, services rendered as part

of the Program and paid for directly through the Program Fees. Among other services provided, we or our Related Companies may effect transactions for any of the ETFs offered through the Program, and any compensation paid to us or our Related Companies by the ETF (or its Affiliates) is in addition to the Program Fee. Due to the additional economic benefit to us or our Related Companies when assets in your Account are invested in an ETF that pays compensation to us or our Related Companies, a conflict of interest exists. We attempt to address this conflict by selecting ETFs based on the investment merits of the particular investment products and not based on the compensation that we and our Related Companies earn and through the disclosure in this Brochure.

Below is a summary of certain risks relating to investing in ETFs that may apply to all or certain types of ETFs included in a Strategy. Please refer to the particular ETF prospectus for more information about the risks applicable for a particular ETF. If you would like a copy of a particular ETF prospectus, you may obtain one, free of charge, by contacting us at 877.444.0916 or via the Program Website.

ETFs are subject to risks relating to market trading that include the potential lack of an active market for ETF shares and disruptions in the creation and redemption process. Although ETF shares are listed on a national securities exchange, it is possible that an active trading market in the shares of a particular ETF 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, the ETF shares may be sold at a significant discount to their Net Asset Value ("NAV"). In some cases, it may not be possible to sell ETF shares in the secondary market. For example, an unanticipated closing of the national securities exchange on which an ETF's shares are listed or one or more markets on which either the ETF's shares trade or the ETF's portfolio holdings trade or the inability of such markets to open for trading during normal business hours, such as in response to a natural disaster or other event causing severe market disruption, could result in the inability to buy or sell shares of the ETF and the ETF's inability to buy and sell exchange-traded portfolio securities during that period, or in a disruption of the ETF's creation and redemption process, and may make it difficult for the ETF to accurately price its investments, thereby potentially affecting the price at which ETF shares trade in the secondary market. All of these events could adversely affect the performance of the ETF.

Trading in ETF shares also may be halted by an exchange or other markets because of market conditions or other reasons. If a trading halt occurs, an investor may temporarily be unable to purchase or sell shares of the ETF. 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. ETF shares also may trade on an exchange or in other markets at prices below their NAV. The NAV of ETF shares will fluctuate with changes in the market value of the ETF's holdings and the exchange-traded prices of the ETF's shares may not reflect these market values.

Only an Authorized Participant may engage in creation or redemption transactions directly with an ETF. To the extent that these institutions exit the business or are unable to proceed with creation and/or redemption orders with respect to an ETF and no other Authorized Participant is able to step forward to create or redeem, ETF shares may trade at a discount to NAV and possibly face delisting. This risk is exacerbated if an ETF has a limited number of institutions that serve as Authorized Participants.

Certain ETFs may effect creations and redemptions for cash, rather than in-kind. As a result, an investment in such an ETF may be less tax-efficient than an investment in a more conventional ETF. ETFs generally are able to make in-kind redemptions and avoid being taxed on the gain on the distributed portfolio securities at the ETF level. An ETF that effects redemptions for cash, rather than in-kind distributions, may be required to sell portfolio securities in order to obtain the cash needed to distribute redemption

proceeds. If the ETF recognizes a gain on these sales, this generally will cause the ETF to recognize a gain it might not otherwise have recognized, or to recognize such gain sooner than would otherwise be required if it were to distribute portfolio securities in-kind. ETFs generally intend to distribute these gains to shareholders to avoid being taxed on the gain at the ETF level and otherwise comply with the special tax rules that apply to it. This strategy may cause shareholders to be subject to tax on gains they would not otherwise be subject to, or at an earlier date than, if they had made an investment in a different ETF. Moreover, cash transactions may have to be carried out over several days if the securities market is relatively illiquid and may involve considerable brokerage fees and taxes. These brokerage fees and taxes, which will be higher than if the ETF sold and redeemed its shares principally in-kind, will be passed on to purchasers and redeemers of creation units in the form of creation and redemption transaction fees. In addition, cash transactions may result in wider bid-ask spreads in shares trading in the secondary market as compared to ETFs that transact exclusively in-kind.

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. A number of factors may affect an Index ETF's ability to achieve a high degree of correlation with its underlying index, and there can be no guarantee that an ETF will achieve a high degree of correlation with its underlying index either on a single trading day or for a longer time period. Factors such as ETF expenses, imperfect correlation between the ETF's investments and the components of the underlying index, rounding of share prices, changes to the composition of the underlying index, regulatory policies, a high portfolio turnover rate, and the use of leverage all contribute to tracking error and correlation risk. Failure to achieve a high degree of correlation may prevent an ETF from achieving its investment objective and cause the ETF's performance to be less than you expect.

An ETF may be subject to stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. To the extent an ETF invests in foreign issuers, those investments can be riskier than investments in U.S. issuers. Foreign stocks tend to be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks may move in opposite directions. In addition, if an ETF's underlying or target index becomes focused in stocks of a particular market sector, the ETF would have proportionately higher exposure to the risks of that sector.

An ETF may be subject to country/regional risk and currency risk. Country/regional risk is the chance that world events — such as political upheaval, financial troubles, or natural disasters — will adversely affect the value of securities issued by companies in foreign countries or regions. If an ETF invests a large portion of its assets in securities of companies located in any one country or region, the ETF's performance may be hurt disproportionately by the poor performance of its investments in that area. Currency risk is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates.

An ETF may be subject to the risk that returns from non-U.S. small- and mid-capitalization stocks will trail returns from global stock markets. Historically, non-U.S. small- and mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the global markets, and they often perform quite differently. Small and midsize companies tend to have greater stock volatility because, among other things, these companies are more sensitive to changing economic conditions.

To the extent an ETF is invested in fixed-income securities, such as bonds, it may be subject to the risk that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. An ETF may also be subject to counterparty risk or the

risk that a counterparty fails to meet its contractual obligations to the ETF. In such situations, an ETF may be unable to terminate or realize any gain on the investment or transaction, or to recover collateral posted to the counterparty, resulting in a loss to the ETF. If the ETF holds collateral posted by its counterparty, it may be delayed or prevented from realizing on the collateral in the event of a bankruptcy or insolvency proceeding relating to the counterparty. ETFs invested in fixed-income investments may experience a decline in income when interest rates fall. This decline can occur because the ETF may subsequently invest in lower-yielding bonds as bonds in its portfolio mature, are near maturity or are called, bonds in the underlying index are substituted, or the ETF otherwise needs to purchase additional bonds. During periods of falling interest rates, homeowners will refinance their mortgages before their maturity dates, resulting in prepayment of mortgage-backed securities held by an ETF. The ETF would then lose any price appreciation above the mortgage's principal and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the ETF's income. In addition, issuers of callable bonds may call securities with higher coupon rates or interest rates before their maturity dates. An ETF would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the ETF's income.

An increase in interest rates may cause the value of securities held by an ETF to decline. During periods of rising interest rates, certain debt securities will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. For mortgage-backed securities, the risk is that during periods of rising interest rates, homeowners will prepay their mortgages at slower rates. This will lengthen the duration or average life of mortgage-backed securities held by an ETF and delay the ETF's ability to reinvest proceeds at higher interest rates.

To the extent an ETF invests in lower-quality debt securities ("high-yield" or "junk" bonds), which are considered predominantly speculative, the ETF is subject to the substantially greater risk of default of such securities than higher-quality debt securities. Lower-quality debt securities can be illiquid, and their values can have significant volatility and may decline significantly over short periods of time. Lower-quality debt securities tend to be more sensitive to adverse news about the issuer, or the market or economy in general. An ETF invested in municipal securities can be significantly affected by political or economic changes as well as uncertainties in the municipal market related to taxation, legislative changes or the rights of municipal security holders, including in connection with an issuer insolvency. Municipal securities backed by current or anticipated revenues from a specific project or specific assets can be negatively affected by the inability to collect revenues for the project or from the assets.

**Mutual Funds and Non-traditional Funds.** The Strategies you select may invest in shares of, or interests in, mutual funds. Please refer to the particular mutual fund prospectus for more information about the risks applicable for that mutual fund. If you would like a copy of a particular mutual fund prospectus, you may obtain one, free of charge, by contacting us at 877.444.0916 or via the Program Website.

The CIO may determine to invest in shares of or interests in Non-traditional Funds ("NTFs"). NTFs are mutual funds and ETFs registered with the SEC that we classify as "Alternative Investments" as an asset class because their principal investment strategies utilize alternative investment strategies (including short selling, leverage and derivatives as principal investment strategies) or provide for alternative asset exposure as the means to meet their investment objectives. NTFs may not have the same type of non-market returns as other types of Alternative Investments since NTFs have a relatively liquid and accessible structure with daily pricing and liquidity, are subject to a more structured regulatory regime and offer lower initial and subsequent investment minimums. As a Fund shareholder, you, along with other shareholders of the Fund, will bear a proportionate share of the Fund's expenses, including, as permitted by applicable law, certain management and other fees which may be payable to us or a Related Company. The Fund's prospectus or other disclosure document contains a description of its



fees and expenses. Not all Fund fees and expenses are applicable to every Strategy offered. If you invest in a Fund, you will indirectly pay, through the Fund's net asset value, a proportionate share of the Fund's costs for services that may be similar to, or duplicative of, services rendered as part of the Program and paid for directly through the Program Fees.

The fees and expenses incurred by any Fund purchased for you through the Program may be in addition to certain of the expenses covered by the Program Fee. Among other services provided, we or our Related Companies may effect transactions for any of these Funds, and any compensation paid to us or our Related Companies by the mutual funds, or their Affiliates, is in addition to the Program Fee. Due to the additional economic benefit to us or our Related Companies when assets in your Account are invested in a mutual fund, a conflict of interest exists.

We attempt to address this conflict by selecting Funds based on the investment merits of the particular investment products and not based on the compensation that we and our Related Companies earn and through the disclosure in this Brochure. For more information about other compensation Merrill or its Related Companies may receive in connection with the Program, see Item 9 at the section entitled "Other Compensation Received by Us from Investments or Programs Managed by Us or Our Affiliates."

**Loans and Collateral.** Your Account assets may be "pledged" or used as collateral, if we consent, in connection with loans obtained through certain unaffiliated or affiliated loan programs, such as, the securities-based lending Loan Management Account® ("LMA") and Mortgage 100®/Parent Power® mortgage programs (collectively referred to as "Lending Programs"). Under such Lending Programs, you may receive loan proceeds as a result of an arrangement whereby your Account is pledged to a lender, and, in certain circumstances, the lender may be an Affiliate. If you have elected to participate in a Lending Program, the terms and conditions applicable to that Lending Program are governed by the applicable loan documents and other service agreements and are not included or described further herein. You should review carefully the terms, conditions and any related risk disclosures for such Lending Program and understand that such risks may be heightened in the event you hold a concentrated position in your pledged Account or if your pledged Account makes up all, or substantially all, of your overall net worth or investible assets. A collateral call could disrupt the management of your Account. You may not be: (1) provided with prior notice of a liquidation of the securities in your pledged Account or (2) entitled to choose the securities which are to be liquidated by the lender. The costs associated with such a lending arrangement under a Lending Program are not included in the Program Fees and may result in additional compensation to us and our Affiliates.

You are encouraged to speak with us if you have questions about how your Account may be used in connection with a Lending Program and how such an arrangement should be taken into consideration when discussing the management of your Account. If you have any questions, please contact us at 877.444.0916.

### Voting Client Securities

You have the right to vote proxies for securities held in your Account and will retain proxy voting authority for such securities. You cannot delegate to us and we do not accept or assume any proxy voting authority for securities held in your Account.

## Item 7. Client Information Provided to Portfolio Managers

As part of the online enrollment process (including the Online Profiling Process), we elicit information about your financial circumstances, risk tolerance, time horizon and other relevant information relating to your Account. We will rely on information you provide in managing your assets and servicing your Account. It is your responsibility to notify us promptly of

any updates to such information. You can do this by updating your Account information through the Program Website or by phone at 877.444.0916.

Failure to do so could affect the suitability of the Services being provided. In the Agreement, you have represented that the information that you provide us is accurate and complete in all material respects. We will not be required to verify the accuracy of any such information.

If you have an investment policy statement or other investment guidelines, it is your responsibility to ensure that the investment policy statement or guidelines are properly reflected in your responses to us and are reflected in your Portfolio Summary, including any investment restrictions. We do not have any responsibility to review, monitor or adhere to any investment policy statement, investment guidelines or similar document relating to your Account, and adherence to such investment policy statement, guidelines or similar document is solely your responsibility.

## Item 8. Client Contact with Portfolio Managers

We will make one or more of our advisory or investment personnel reasonably available for consultation with you if you request.

## Item 9. Additional Information

### Disciplinary Information

The following is a summary of certain adverse legal and disciplinary events and regulatory settlements that may be material to your decision of whether to retain us for your investment advisory needs. You can find additional information regarding these settlements in Part 1 of Merrill's Form ADV at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

On April 3, 2023, the SEC issued an administrative order in which it found that MLPF&S had willfully violated Section 206(2) and (4) of the Advisers Act and Advisers Act Rule 206(4)-7. Specifically, the order found that from May 12, 2016 through June 29, 2020: (1) wrap fee advisory program agreements and ADV brochures contained a material misstatement because, while disclosing that MLPF&S charged a markup or markdown on foreign currency exchanges, the disclosure did not also state that an additional fee referred to as a production credit was also charged and (2) there was a failure to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act in connection with disclosures relating to currency transfers requiring foreign currency exchanges that it processed for its wrap fee clients. MLPF&S, without admitting or denying the findings, consented to the imposition of a cease-and-desist order, censure, payment of disgorgement, prejudgment interest and a civil penalty totaling \$9,694,714.

On April 17, 2020, the SEC issued an administrative order in which it found that MLPF&S had willfully violated Section 206(2) of the Advisers Act. Specifically, the order found that from January 1, 2014 to May 31, 2018, it failed to disclose in its Form ADV or otherwise the conflicts of interest related to (1) its receipt of 12b-1 fees and/or (2) its selection of mutual fund share classes that pay such fees. During this period, MLPF&S received 12b-1 fees for advising clients to invest in or hold such mutual fund share classes. In determining to accept the offer of settlement, the SEC considered that MLPF&S self-reported to the SEC pursuant to the SEC's Share Class Selection Disclosure Initiative and had completed a number of the undertakings in the order prior to issuing the order. In the order, MLPF&S was censured and ordered to cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act. It was also ordered to make disgorgement payments of \$297,394 and prejudgment interest payments of \$27,982 to affected investors.



On August 20, 2018, the SEC announced that MLPF&S, without admitting or denying the findings, entered into a settlement related to willful violations of Sections 206(2) and 206(4) of the Advisers Act and Advisers Act Rule 206(4)-7. Specifically, the SEC's administrative order found: (1) a failure to disclose that the portfolio manager process employed in connection with a January 2013 termination recommendation was exposed to a conflict of interest (less than one-seventh (1/7) of 1% of total advisory accounts (approximately 1,500) were invested in the products subject to the termination recommendation); and (2) a failure to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act. In determining the appropriate sanctions, the SEC considered MLPF&S's remedial acts promptly undertaken and cooperation afforded the SEC staff. MLPF&S consented to the imposition of a cease-and-desist order, a censure, and disgorgement and a financial penalty totaling approximately \$8.8 million.

On June 16, 2014, MLPF&S, without admitting or denying the findings, entered into a FINRA settlement relating to its failure to have an adequate supervisory system to ensure that certain clients received sales charge waivers for purchases of certain mutual funds' Class A shares which affected certain retirement accounts and certain clients with a particular type of brokerage account. This settlement resulted from MLPF&S self-identifying certain of these issues. MLPF&S consented to the imposition of a censure and a fine of \$8 million and agreed to provide additional reimbursement to the agreed upon impacted clients and has reimbursed all such impacted clients.

## Other Financial Industry Activities and Affiliations

Merrill, an indirect wholly owned subsidiary of BofA Corp., is a leading global wealth management firm and a registered broker-dealer and investment adviser. In the United States, Merrill acts as a broker (i.e., agent) for its corporate, institutional and private clients. Through its own arrangements and through its Affiliate, BofA Securities, Inc., it has access to a dealer market in the purchase and sale of corporate securities, primarily equity and debt securities traded on exchanges or in the over-the-counter markets.

We also act as a broker and/or a dealer in the purchase and sale of mutual funds, money market instruments, government securities, high-yield bonds, municipal securities, financial futures contracts and options. Merrill operates the firm's U.S. retail branch system, and also provides financing to clients, including margin lending and other extensions of credit as well as a wide variety of financial services, such as securities clearing, retirement services, and custodial services. MAA, an indirect wholly owned subsidiary of BofA Corp., is a registered investment adviser that provides investment advisory services to clients that establish accounts under the Program and other investment advisory programs, including MEAA, MGI with Advisor and IAP.

As registered investment advisers, Merrill and MAA complete Form ADVs, which contain additional information about those entities, BofA Corp. and their Affiliates. Information is available through publicly available filings at the SEC or at [adviserinfo.sec.gov](http://adviserinfo.sec.gov). For purposes of Form ADV Part 2, certain Merrill and/or MAA management persons are registered as registered representatives or associated persons of Merrill. In the future, certain Merrill and/or MAA personnel may be considered management persons and, as such, may be registered, or have applications pending to register, as registered representatives and associated persons of Merrill to the extent necessary or appropriate to perform their job responsibilities.

BofA Corp., through its subsidiaries and Affiliates, including us, provides broker-dealer, investment banking, financing, wealth management, advisory, asset management, insurance, lending and related products and services on a global basis. These products and services include: (1) securities brokerage, trading and underwriting; investment banking, strategic advisory services (including mergers and acquisitions) and other corporate finance activities; (2) wealth management products and services including financial, retirement and generational planning; asset management and investment advisory and related record-keeping services; (4) origination, brokerage,

dealer and related activities in swaps, options, forwards, exchange-traded futures, other derivatives, commodities and foreign exchange products; (5) securities clearance, settlement financing services and prime brokerage; (6) private equity and other principal investing activities; (7) proprietary trading of securities, derivatives and loans; (8) banking, trust and lending services, including deposit-taking, consumer and commercial lending, including mortgage loans, and related services; (9) insurance and annuities sales; and (10) providing research across the following disciplines: global equity strategy and economics, global fixed-income and equity-linked research, global fundamental equity research, and global wealth management strategy. BofA Corp. is subject to the reporting requirements of the Exchange Act, and additional information about BofA Corp. can be found in publicly available filings with the SEC.

## Conflicts of Interest and Information Walls

Merrill, MAA and their parent company, BofA Corp., engage in a wide range of activities and businesses across a broad spectrum of clients. As a result, we recognize that actual, potential and perceived conflicts of interest develop in the normal course of operations in various parts of the BofA Corp. organization. To address these conflicts, information walls are in place which are designed to allow multiple businesses to engage with the same or related clients at the same time while mitigating any conflict arising from such a situation. For example, information walls are designed to prevent the unauthorized disclosure of material nonpublic information and allow public side sales, trading and research activities to continue while other businesses within BofA Corp. possess material nonpublic information. Additionally, BofA Corp. maintains a Code of Conduct, which provides guidelines for the business practices and personal conduct all associates and board members are expected to adopt and uphold.

***Managing conflicts of interest is an integral part of BofA Corp.'s risk management process. We believe that no organization can totally eliminate conflicts that exist explicitly or implicitly. Each of BofA Corp., BofAS, MLPF&S and MAA evaluates its business activities and the actual and possible conflicts that may emerge from its activities on an ongoing basis. To the extent that existing or new business activities raise an actual conflict of interest, or even the appearance of a conflict, we endeavor to provide you with full and clear disclosure or to take action to avoid or manage the conflict.***

## Code of Ethics

Each of MLPF&S and MAA has adopted an Investment Adviser Code of Ethics (the "Code of Ethics") covering our personnel who are involved in the operation and offering of investment advisory services under the various investment advisory programs for which they are a registered investment adviser. Each Code of Ethics is based on the principle that clients' interests come first, and it is intended to assist employees in meeting the high standards that each of MLPF&S and MAA follows in conducting our business with integrity and professionalism.

Each Code of Ethics covers such topics as the: requirement that all employees comply with all applicable securities and related laws and regulations; reporting and/or clearance of employee personal trading; prevention of misuse of material nonpublic information; and the obligation to report possible violations of the Code of Ethics to management or other appropriate personnel. All covered personnel must certify the receipt of the Code of Ethics. The Merrill Investment Adviser Code of Ethics is available at [mymerrill.com/ADV/materials](http://mymerrill.com/ADV/materials) or we will provide a copy of each of the Code of Ethics to you upon request.

MLPF&S and MAA have each imposed policy restrictions on all personnel for transactions for their own accounts and accounts over which they have control or a beneficial interest. In addition, we have special policies requiring that certain personnel obtain specific approval of their securities transactions and have implemented procedures for monitoring these transactions, as well as those of all our employees.

MLPF&S and MAA each acknowledge that it is subject to fiduciary responsibilities under the Advisers Act when it provides the investment advisory services pursuant to the Agreement.

## Compensation, Conflicts of Interest and Material Relationships

**Compensation and Benefits to Merrill.** Merrill earns revenue from the Program Fee you pay, as well as from other fees and payments you may make and that we receive from Affiliates and third parties related to transactions in your Account. We (including our Affiliates) and the Merrill representatives whom you may interact with and other of our employees benefit from the fees and charges paid by you and other clients for the Services described in this Brochure.

Management personnel and other employees of Merrill, MAA and their Affiliates receive incentive compensation based on a number of factors including the profitability of Merrill and BofA Corp. Merrill's and BofA Corp.'s profitability is impacted by a number of factors including the growth of the business, management of expenses, the amount of Bank Affiliate cash sweep assets and the rate that is paid on those assets. We have a conflict of interest as a result of the management compensation approach that we follow. There is a financial incentive for management to structure the scope and approach of the compensation program to result in revenue for Merrill and BofA Corp. We maintain policies and procedures and supervisory and review processes, including governance approval requirements, that are designed to review and mitigate any financial incentive or conflict to favor any one security type or investment product or service. We also provide disclosures of these conflicts in the Brochure and other client documents.

In addition, we earn revenue from the referrals to Affiliates (including referring to an Affiliate for banking products or services). Merrill may also receive revenue from third parties depending on the investment products in which you invest.

The amount of revenue we receive varies depending on the type of investment advisory program, service or product you select. These differences create a conflict of interest in that there is a potential financial incentive for a Merrill representative or financial advisor to recommend or select certain investment advisory programs, services or products based on the revenues to Merrill. The amount of revenue we receive from your enrollment in the Program may also be more or less than the revenues that would be received if you had instead participated in other of our investment advisory programs or if you had engaged in the investment activities in a brokerage account. If there is higher revenues to us, a program representative has a financial incentive to recommend certain investment strategies to you or recommend this Program over other programs or other services offered by us or our Affiliates. The more assets there are in your Account, the more you will pay in fees, creating a financial incentive to recommend that you increase the assets in your Account.

We may suggest or recommend that clients, including Program clients, use our securities account, execution and custody or other services for investment activity, or such services of our Affiliate. Similarly, we may suggest or recommend that you purchase our products or our Affiliates' products. When you engage in brokerage activities and/or you use or purchase Merrill's or our Affiliate's services or products, you pay commissions, mark-ups or mark-downs, upfront sales charges and other sales charges or fees (collectively, "Sales Charges") that compensate us and/or our Affiliates for the services provided to you in connection with transactions. A portion of the Sales Charges we receive is directly or indirectly used to pay compensation to our program representatives. Opening a brokerage account and engaging in transactions generates Sales Charges that result in revenues to us. The more trades that you make in your brokerage account, the more we get paid, giving us a financial incentive to encourage transactions in your brokerage account.

We address these conflicts from compensation described in this section and throughout the Brochure in a variety of ways, including, disclosure of various

conflicts in this Brochure. Moreover, our employees with whom you may interact, if any, are required to recommend investment advisory programs, investment products and securities that are suitable for, and in the best interest of, each client based upon the client's investment objectives, risk tolerance and financial situation and needs and considering cost. In addition, we have established a variety of restrictions, procedures and disclosures designed to address actual and potential conflicts of interest – both those arising between and among Accounts as well as between Accounts and our business. We maintain policies and procedures and supervisory and review processes, including governance approval requirements, that are designed to review and mitigate any financial incentive or conflict to favor any one security type or investment product or service. We also provide disclosures of these conflicts in the Brochure and other client documents.

**Compensation associated with Rollovers of Retirement Assets.** Merrill representatives who recommend rolling over assets from an employer-sponsored retirement plan (such as a 401(k) plan) or from a retirement account at another firm into an Individual Retirement Account (IRA) or other similar account (a "Rollover") and enrolling that account into the Program, if any, receive compensation or benefit based on the amount of funds transferred. There is a financial incentive for a Merrill representative to recommend a Rollover because the enrollment into the Program will generate revenue to Merrill and benefit the Merrill Representative. While Merrill representatives who recommend Rollovers do not necessarily receive compensation based on the amount of funds transferred, they have financial incentive to recommend Rollovers because the subsequent or related enrollment into the Program will increase the number of accounts serviced by the Merrill representative and help them achieve certain performance goals.

**Compensation based on Account and Program Choice.** Merrill can help fulfill your wealth management needs in our capacity as an investment adviser, as a broker-dealer, or as both. Clients have the ability to enroll accounts in the Program holding some or all of their investment assets and to have brokerage accounts for some or all of their assets. The various programs we offer and ways to interact with Merrill are outlined in our [Form CRS](#), this Brochure and in the [Summary of Programs and Services](#).

Investment advisory and brokerage services are separate and distinct and each is governed by different laws and separate contractual arrangements that we may have with you. There are differences among the programs and account relationships. You may be able to obtain the same or similar Services or types of investments you obtain in the program through a brokerage account or other investment advisory programs and services offered by Merrill. These may be available at lower or higher fees than the Program Fee you pay. You may also be able to obtain some or all Services from other firms and at fees that may be lower or higher than the Program Fee we charge. The amount of revenue we receive depends on the type of account and relationship you choose.

In a brokerage account, you will pay per trade Sales Charges to purchase and sell securities. The amount of brokerage revenues we receive depends on the level of trading activity in the Account, the applicable Sales Charges as well as other indirect compensation. Your brokerage account agreement and documents will provide you with information about certain brokerage services and related transaction and account fees for your Merrill account.

In the Program, you will pay the Program Fee. You could pay higher fees in a brokerage account than from one enrolled in the Program depending on the Sales Charges, frequency of trading and the investment products for investment and other factors. The Program Services include ongoing fiduciary investment advice and guidance for your Account, access to

investment strategies and ongoing monitoring as described in this Brochure, as well as the services of trade execution, clearance and settlement of transactions and custody of assets. In the Program, the amount of compensation paid to us depends on the level of assets in your Account and the Program Fee, as well as certain indirect compensation outlined in this Brochure.

Certain of the Strategies are available to you outside of the Program for more or less than you would pay in the Program. When you compare the account types and investment advisory programs and their relative costs with what is available in the Program, you should consider the various factors outlined in the section "Item 4 Ability to Obtain Certain Services Separately and for Different Fees." Certain of these factors relate to your preferences regarding the relationship, whether you are seeking ongoing monitoring services provided for in the Program, how you want to pay for investment services, the Program Fee, the level of service and the managed investment solutions you are interested in investing in.

We disclose in this Brochure the conflicts associated with account and program choice and by providing clients with upfront information about our available programs. In addition, we have certain internal requirements, guidelines, policies and procedures that review for whether a particular program selection is appropriate for the client and to address actual or perceived conflicts of interest.

**Variable Compensation by Product and Service.** The indirect compensation we receive from the sale of an investment product or security, varies based on the investment product type and the investment product itself. Depending on the type of security or investment product, third-party product providers, including fund managers or sponsors and asset managers, pay us compensation for various services and support and these payments also vary depending on the type of security or investment product.

The variable nature of third-party payments create a conflict of interest because we may earn greater compensation from the sale of one type of investment product over another. Certain of these securities and investment products provide access to similar investment strategies. For example, certain indexed mutual funds may offer an investment approach that is substantially similar to that provided by certain ETFs and there may be an actively managed ETF that provides a substantially similar investment approach to that provided by a mutual fund. However, these are different types of securities and have different product features associated with them, as well as different fees. Furthermore, we receive certain payments from mutual fund providers when a mutual fund is used to provide exposure to the investment strategy, like sub-accounting fees. Not all securities and investment products make payments to us or our Affiliates.

We address this conflict through the disclosure in this Brochure and by the CIO selecting investment products and Funds based on the investment merits of the particular investment products and not based on the compensation we receive in providing certain services or under certain arrangements with third-party product providers. In addition, we select investment products and solutions that are available and offered through the Program as well as in our brokerage accounts and other investment advisory programs based on qualitative and quantitative evaluation of such factors as performance, risk management policies and procedures and on the consistency of the execution of their strategy. For additional information, please review "Compensation Received by Us for Sub-accounting Services," "Mutual Fund Arrangements and Compensation" and "Other Compensation Received by Us from Investments or Programs Managed by Us or Our Affiliates" in this section below.

**Compensation Received by Us for Sub-accounting Services.** We only make available in the Program mutual funds and money market funds (each, a "fund") that pay us to provide the required associated sub-accounting and other services. These sub-accounting and other services include aggregating and processing purchases, redemptions, exchanges, dividend reinvestment, consolidated account statements, tax reporting and other related processing and recordkeeping services (together, "sub-accounting services"). Under agreements with each of these funds (or their respective principal underwriter or other agent), we provide daily sub-accounting services to the holders of these funds maintaining shares in an Account as well as in other Merrill securities accounts and receives the agreed-upon sub-accounting services fee. This cost is either borne by the fund (like other fund expenses) as part of its operating costs or by its adviser, principal underwriter or other agent. These service arrangements and the amount of the compensation

vary by fund types, fund and by share class. These fees and fee rates are subject to change from time to time and may be received individually or as part of a "bundled" arrangement that includes other types of fees, such as administration and distribution payments. Due to applicable regulation, we do not retain compensation for sub-accounting services for funds held in Retirement Accounts.

For U.S. mutual funds, depending on the specific arrangements, the sub-accounting services fees are paid from or on behalf of the mutual fund. These fees are either an asset-based fee of up to 0.10% per annum or up to \$16 annually per client position in the mutual fund. For U.S. money market mutual funds, the sub-accounting services asset-based fee is generally 0.005% per annum.

We have a conflict of interest in selecting certain fund products (or share classes) for inclusion as part of the Strategies available to you. Certain mutual funds or share classes that would otherwise meet our criteria for inclusion as part of the Strategies but whose principal underwriters, agents or sponsors do not agree to pay the sub-accounting services fees that we charge will not be selected, thereby limiting the available universe of funds (and share classes) available to you. In addition, the amount of the sub-accounting services fees paid for these services varies among funds and, in certain instances, between share classes of individual funds. This results in a conflict of interest because it creates an incentive for us to recommend that you invest in funds and share classes that pay higher fees. We will receive higher sub-accounting fee payments from fund families that have higher fund assets held in our clients' accounts because the service fee calculation is based off of the level of the asset holdings. Additionally, there is a benefit to us because the aggregate amount of the sub-accounting fees exceed the costs to provide these services.

We address these conflicts of interest in the following ways. We disclose the nature of our sub-accounting service arrangements. We also determine the compensation paid to our personnel on the same basis for all Program assets without regard to the amount of compensation we or our Affiliates receive. Our personnel do not have an incentive to recommend certain funds over others because they do not receive additional compensation as a result of these types of arrangements. In addition, we and our Affiliates select funds that are available through the Program as well as in our brokerage accounts and in other of our investment advisory programs based primarily on the CIO Review Process and business reviews.

**Mutual Fund Arrangements and Compensation.** For constituent mutual funds that are part of a Strategy, your assets are generally invested in the lowest cost share class eligible for the Program. The Program-eligible Fund share classes vary depending on the Fund, its roster of share classes and our agreements with the Funds. In general, the share classes that are eligible for the Program do not have annual asset based fees like Rule 12b-1 fees, although there are some mutual funds available in the Program that have such fees due to share class availability or legacy positions that are pending conversion to an eligible share class. Certain mutual funds offer a fund share class that does not include a sub-accounting services fee. Accordingly, you should not assume that you will be invested in the share class with the lowest possible expense ratio that the mutual fund provider makes available to the investing public.

In addition, the share class of money market funds available will not necessarily be the lowest cost share class available from the money market fund. It is generally in your best interest to purchase lower-fee share classes because your returns are not reduced by additional fees and expenses. For clients in the Program, the CIO who manages the Strategies' models does not have an incentive to recommend or select share classes that have higher expense ratios because the compensation of CIO personnel is not affected by the share class selected.

From time to time a fund may authorize us to make available to clients participating in the Program a class of shares of such fund with a lower fee structure that we believe is more beneficial to you than the class of shares previously made available in the Program. Where such exchange is available,



under the authority provided to us under the Agreement, we will effectuate an exchange to the other class of shares of this fund with the lower fee structure as promptly as practicable.

For additional information on mutual funds and money market funds you can review our “Mutual Fund Investing at Merrill Lynch” document. It is also available at [ml.com/funds](http://ml.com/funds).

**Cash Sweep Program Compensation Received by Us and Our Affiliates.** Merrill and our Bank Affiliates benefit financially when you hold cash balances in the bank deposit accounts affiliated with the Cash Sweep Program. Merrill receives payments from our Bank Affiliates on a per account basis for each account that sweeps to one of our Bank Affiliates relating to offering and supporting the Cash Sweep Program. The fees we receive from the Bank Affiliates is one of many factors that affect the interest rate paid by the Bank Affiliates on your swept cash balances under the Cash Sweep Program. If you choose the “No Sweep” option, we also benefit from the custody or use of uninvested cash balances also known as free credit balances in Merrill accounts, subject to restrictions imposed by Rule 15c3-3 under the Securities Exchange Act of 1934. For deposits unrelated to the Cash Sweep Program to our Bank Affiliates relating to referrals from a financial advisor, we are entitled to receive a fee directly from each Bank Affiliate based on the daily deposit balance, which fee can be waived in whole or in part.

The Bank Affiliates benefit financially from the Cash Sweep Program. Through the Cash Sweep Program, they receive a stable, cost-effective source of funding. They use the cash funds deposited in the bank deposits to fund their current and future lending, investment and other business activities. The participation of the Bank Affiliates in the Cash Sweep Program increases their respective deposits and accordingly overall profits. Bank profitability is determined, in large part, by the “spread” they earn on the deposits—the difference between the interest paid on the bank deposits and other amounts paid to Merrill related to these deposits, on the one hand, and the interest or other income earned on loans, investments and other assets which may be funded in part by bank deposits, on the other hand. The greater the amount of cash balances maintained in your Account (which is the result of a recommendation from the CIO) that is swept into a bank deposit account affiliated with the Cash Sweep Program and the lower the interest rate paid on the related bank deposit, the more our Bank Affiliates benefit.

Cash balances swept to a bank deposit account of our Bank Affiliates under the Cash Sweep Program will bear a rate of interest that has been established for, and in light of the features of, the Cash Sweep Program. The rate of interest for such deposit accounts is periodically set and reset by the Bank Affiliates in their discretion. Accounts that enroll in the Program and in specified Merrill investment advisory programs receive the highest tier rate available under the Cash Sweep Program. The interest rate you earn will likely be lower than yields on certain money market funds and other cash alternatives.

We address the conflicts of interests associated with the Cash Sweep Program and the deposit accounts in a variety of ways, including through disclosure in this Brochure, by requiring clients to affirm their interest for the Cash Sweep Program options in signed agreements, oversight and supervision of particular account type relationships and specific investment product choices, account and product disclosures and documentation provided to clients throughout their account relationship. There is no charge, fee or commission imposed with respect to your participation in the Cash Sweep Program. We have adopted various policies and procedures reasonably designed to prevent the cash sweep arrangement compensation and other business arrangements from affecting the nature of the advice we and our financial advisors provide.

**Other Compensation Received by Us from Investments or Programs Managed by Us or Our Affiliates.** Our Affiliates and related business divisions, such as BANA, offer their own managed products or wrap programs that are similar to this or other Merrill programs. Advice and/

or recommendations provided to accounts in these programs will be different from, or even conflict with, the advice and guidance provided in connection with the Program, including as to recommendations and review determinations. This is due to, among other things, the differing nature of our Affiliate’s investment advisory services and differing processes and criteria upon which determinations are made.

Further, although the CIO releases information and analyses about a Strategy or a Fund to all Affiliates simultaneously and BofA Global Research may make its research opinions and research reports available regarding securities and research strategies at the same time, it is possible that such Affiliates will act on that information before Merrill or MAA have had the chance to evaluate and act on those changes. Accounts participating in a Merrill program that commences trading after those of other Affiliates may be subject to price movements, particularly with large orders or where securities are thinly traded, that would cause them to receive prices that are less favorable than those obtained by Affiliates.

We do not currently offer any Related Funds. We may, however, include Related Funds as an investment product available in the Program in the future. If offered as an eligible investment in the Program, we would benefit from our economic interest in such entities or their Affiliates when they receive compensation for providing investment advisory, administrative or other services to any such Related Funds. We would address these conflicts by disclosing them in this Brochure.

We and our Affiliates may provide some or all of the same services offered in the Program through other firms, affiliated or unaffiliated with us, which offer programs similar to the Program at fee rates that may differ from the Program Fee.

Separate and apart from the Program, Merrill, through its associates, may suggest or recommend that you use the Merrill brokerage account and our execution and custody or other services for other of your investment activity or use the services of our Affiliates. Similarly, Merrill associates may suggest or recommend that you purchase our products or those of our Affiliates. Where you use or purchase our or our Affiliate’s services or products, we and our Affiliates will receive fees and compensation. Our personnel will, as permitted by applicable law and our policies, receive compensation (the amount of which varies) in connection with these products and services. We address the conflicts of interest presented by these Affiliated transactions by having in place various policies and procedures reasonably designed to prevent the receipt of compensation by Merrill and its Affiliates and other business arrangements from affecting the nature of the advice we provide, although such policies and procedures do not eliminate such conflicts of interest.

**Compensation Received by Us and Our Affiliates for Principal Trading and Agency Cross Transactions.** Where permitted by regulation, Merrill may execute certain transactions on a principal basis through itself or its Affiliates (including BofAS). In a trade executed in a principal capacity, our Affiliate can act as your trade counterparty and it can act as a market maker for, or have a proprietary position in, the securities that are the subject of the transaction. We and our Affiliate receive compensation in connection with principal transactions, including markups, markdowns, underwriting discounts, selling concessions and other compensation. We can profit from transacting as your counterparty or having proprietary positions in the subject securities. Moreover, we have an incentive to recommend a transaction in a security that our Affiliate maintains in inventory that is otherwise difficult to sell. Where permitted, Merrill may engage in agency cross transactions when it acts as agent for both buyer and seller in a transaction. If this type of trading execution occurs, since Merrill generally receives compensation from each party to an agency cross transaction, there is a conflict of interest between our obligations to you and to the other party to the transaction.

**Third-Party Firm Business Relationships and Support.** We and our Affiliates have business relationships with investment managers, Fund managers, distributors and sponsors, and insurance companies and other



product providers ("Third-Party Firms"). We make available research, execution, custodial, pricing and other services in the ordinary course of business. Third-Party Firms can direct transactions to us or our Affiliates including effecting transactions in the ordinary course of business for funds and product vehicles managed or sponsored by them (e.g., mutual funds, ETFs). We also make available brokerage services and other Merrill or Affiliate programs and services, including banking and lending services. Any compensation paid to us or our Affiliates by a Third-Party Firm is additional compensation to us for services we and our Affiliates provide.

In order to make investment products or services available on our platform, we incur certain technology and infrastructure costs. While we do not generally receive reimbursement for technology-related costs associated with the onboarding or maintenance of a platform, tool or service, we reserve the right to seek reimbursement from Third-Party Firms for particular projects. In the event that we receive support from product issuers or sponsors for such costs, it creates a conflict with our ability to use strictly objective factors when selecting product sponsors to make available on our platform.

Having business relationships with Third-Party Firms creates a conflict of interest and can affect opportunities to negotiate more favorable financial terms for client investments in the products of the Third-Party Firms. We disclose the nature of our relationship in general with Third-Party Firms. Additionally, we select Strategies and Funds that are available through the Program and other of our investment advisory programs based on qualitative and quantitative evaluation of such factors as performance, risk management policies and procedures and on the consistency of the execution of their strategy. We have adopted various policies and procedures reasonably designed to prevent the receipt of such compensation and other business arrangements from affecting the nature of the advice we and our financial professionals provide.

Certain Third-Party Firms periodically participate in Merrill-hosted internal training and education conferences ("Conferences") for invited Merrill professionals. These financial professionals include financial advisors and members of their team, employees who work for a Merrill branch, market or division to support the financial advisors (Field Employees) and employees who cover product, Chief Investment Office and home office support functions (Non-Field Employees). Conferences are organized on either a national or local level. During 2023, Merrill and certain Third-Party Firms shared in the costs of the Conferences. and during this period, Merrill received approximately \$4.7 million from participating Third-Party Firms as a part of their share of the covered costs for these Conferences.

Merrill also holds client and prospect events (e.g., seminars, trade shows, booth events) where Third-Party Firms participate ("Client Events"). During 2023, Merrill was reimbursed by participating Third-Party Firms for certain expenses incurred in connection with holding such Client Events in the amount of approximately \$2.2 million from participating Third-Party Firms.

Certain Third-Party Firms periodically host or participate in educational meetings for certain financial advisors, Field Employees and Non-Field Employees ("Manager Meetings") where they provide information on investment products and services and the opportunity to interact with their investment and sales personnel. For those Manager Meetings held in 2023, the hosting Third-Party Firm paid for certain of the Manager Meeting costs. subject to a cost sharing cap. Merrill or the attending financial advisor, Field Employee and Non-Field Employee paid for travel, accommodation and continuing education costs. In 2023, the total expenditures made by participating Third-Party Firms relating to Manager Meetings was less than \$50,000.

Furthermore, Third-Party Firms also provided monetary support directly to charities or in connection with charitable events and causes that Merrill or its employees support or attend. The total contributions made by Third-Party Firms in support of charitable events and causes that we requested or initiated with the Third-Party Managers in 2023 was approximately \$225,000.

Beginning in January 2024, Third-Party Firms that elect to act as sponsors of Conferences and Client Events will reimburse Merrill on an equitable basis for the eligible costs of the particular Conference for which they act as sponsor. The reimbursable costs include venue and facilities costs (including food and beverages), certain speaker costs and travel, lodging and continuing education costs for attending financial advisors (including Program Advisors) and select employees facilitating the Conference or Client Event. Merrill organizes the Conferences and Client Events and approves the attendees, speakers, agenda and meeting content and sponsors. All Conference and Client Event expenditures must align to Merrill internal policies and policy limits and are subject to Merrill supervision and oversight. In addition, Third-Party Firms that hold Manager Meetings will pay for all eligible costs associated with such meetings, including the cost of travel, accommodation and continuing education fees for the attending financial advisors, Field Employees and certain permitted Non-Field Employees (not including any CIO employee). The costs to be covered by the Third-Party Firm are subject to Merrill policies and guidelines.

The participation of, and payment of costs by, a Third-Party Firm for Conferences, Client Events, Manager Meetings and charitable events present conflicts of interest. They create incentives for financial advisors to recommend products of participating Third-Party Firms. They give those participating in Conferences, Client Meetings and Manager Meetings with more opportunities to interact and build relationships with Third-Party Firms and their personnel which could lead them to recommend the products and services of these Third-Party Firms over others. There is also a conflict of interest for Field Employees to approve those recommendations and for non-Field Employees to select products of the Third-Party Firm for the Merrill platform.

We address these conflicts in a number of ways. There is no requirement that Third-Party Firms reimburse Merrill for, or pay the costs of, such events in order for their investment products to be made available on the Merrill platform. We limit the participation of financial advisors, Field Employees and Non-Field Employees in these events. Participation in these events is subject to Merrill internal policies and supervision. Neither we nor our Affiliates incentivize our financial advisors to recommend the products or services of a Third-Party Firm that makes such contributions over those that do not. We do not incentivize Field Employees to approve the recommendations of products and services of Third-Party Firms who participate in the Conferences, Client Events and Manager Meetings and we do not incentivize Non-Field Employees to approve particular products of a Third-Party Firm for the Merrill platform. Third-Party Firms are not permitted to condition their payment on any amount of sales of their products or services. Third-Party Firm reimbursements for costs of meetings and events must align to Merrill internal policies and policy limits and are subject to Merrill supervision and oversight that is reasonably designed to review the nature of the business interactions and level of expense reimbursement from affecting the nature of the advice we provide.

Representatives of Third-Party Firms will, from time to time, meet and work with our Field Employees and Non-Field Employees, one on one or in small individual groups, to provide information and support regarding their respective investment products. We have policies and procedures that limit Third-Party Firms from providing or paying for, and Field Employees and Non-Field Employees from receiving, gifts, meals and entertainment other than as permitted by and subject to the limits established under Merrill internal policies. Nominal gifts including items of a promotional nature (i.e., logo items, like golf balls, hats) are permitted. Subject to our policy requirements and restrictions, a Third-Party Firm may pay the costs of a business meal for a Field Employee and certain Non-Field Employee up to a limit of \$300 per meal and a total of \$1,000 per year. While our policies permit attending entertainment events, (i.e., sporting events and golf outings) organized by a Third Party Firm, the Field Employee and/or Non-Field Employee must pay for the costs of such events themselves.

Permitting Third-Party Firm representatives access to our financial professionals and paying for meals presents a conflict of interest. It creates

incentives to recommend to clients investment products of, approve recommendations of, and to approve the investment products for the Merrill platform of, those Third-Party Firms that provided the Merrill financial professional with gifts, meals or entertainment access. In addition to monetary limits, we have policies, procedures and supervisory controls that are reasonably designed to review the frequency and level of gifts, meals, entertainment access from affecting the nature of the advice we provide. Third-Party Firms are not permitted to condition their gifts, meals or entertainment access on any amount of sales of their investment products. Merrill does not incentivize any of its financial professionals to recommend or select one investment product over another.

#### **Provision of Diversified Financial Services by Us and our Affiliates.**

BofA Corp. is a diversified financial services company that generally seeks to provide a wide range of services to retail and institutional clients for which it receives compensation. As a result, we, BofA Corp. and our Affiliates can be expected to pursue additional business opportunities with the entities whose investments Merrill and its Affiliates make available through the Program. Consistent with industry regulations, these services that we and our Affiliates provide include banking and lending services, sponsorship of deferred compensation and retirement plans, recordkeeping services, investment banking, securities research, institutional trading and prime brokerage services, custody services, investment advisory services, licensing arrangements involving indices and effecting portfolio securities transactions for our clients.

In addition, from time to time, BofAS and other of our Affiliates may acquire equity stakes in market centers (e.g., national securities exchanges or alternative trading systems) as part of a strategic investment and therefore stand to participate as a shareholder and investor in the profits that each market center realizes in part from the execution of securities transactions, including transactions for your Account. Additional information regarding these relationships is publicly available in Regulation NMS Rule 606 reports we file with the SEC.

From time to time, Merrill may offer to clients or potential clients certain promotions or rewards in connection with opening, maintaining or adding assets to a Merrill securities account. Such promotions or rewards may include, by way of example, the payment of a cash reward. The promotions may require a client to request to receive or participate in the promotion or reward, and/or require a client to meet various eligibility criteria. While these promotions or rewards may extend to a client's Merrill securities account that holds assets in the Program, participation in the Program is not a condition for these promotions or rewards.

### **Participation or Interest in Client Transactions and Conflicts of Interest**

There are various ways that we can be viewed as participating or having an interest in client transactions. These situations and any conflicts of interest arising from such activities, execution approach or other capabilities we offer in the Program are discussed in this section and throughout the Brochure.

**Cash Balances and Cash Sweep Program.** The [Sweep Program Guide for Merrill Clients](#) provides information on the fees that Merrill receives from the Bank Affiliates for each account, including Program Accounts that sweeps to the MLDD Program or RASP. These fees are up to \$100 per year for each account received from the Bank Affiliates. This compensation is subject to change from time to time, and Merrill may waive all or part of it. Merrill may benefit from the possession or use of cash balances, also known as free credit balances, in your accounts, subject to restrictions imposed by Rule 15c3-3 under the Securities Exchange Act of 1934.

As further described in "Item 4 Funding and Operation of Accounts-Cash Balances and the Cash Sweep Program," cash balances may be held in your Account for a number of different reasons, including as part of a Strategy's asset allocation to cash or to support recurring withdrawals, including Cash Withdrawal Allocation for an Account with an Income-Focused Goal.

To the extent Merrill through its CIO does not select a cash alternative for your Account's cash allocation, there is a conflict of interest between you and us because the cash allocation will be maintained in your Account as a cash balance. For most clients, cash balances will be swept to bank deposit accounts at our Bank Affiliate through the Cash Sweep Program. See "Item 9 Compensation, Conflicts of Interest and Material Relationships—Cash Sweep Program Compensation Received by Us and Our Affiliates" above.

**Participation in Affiliate Lending Programs and Margin.** There are conflicts of interest when you use a loan from Merrill or one of its Affiliates secured by your Account assets as collateral. These conflicts exist with a margin loan from Merrill or with any of our Affiliate lending programs that may be available to you from an Affiliate lender. In the case of a loan from our Affiliate, including but not limited to the Loan Management Account® product ("LMA® account"), the Affiliate lender intends to derive a profit as lender based on interest and/or fees, if any, charged on the loan. The lender, whether it be Merrill or its Affiliate, has a lien on your Account assets that are used as collateral for the loan. The lender will act to protect itself as lender in connection with the loan, and this may be contrary to your interests and/or investment objectives. Please refer to "Item 6 Investment Strategies and Risk of Loss" for additional information.

**Activity by Merrill, Affiliates and Personnel.** We and our Affiliates act in a variety of capacities to a wide range of clients. From time to time in the course of those duties, confidential information will be acquired that cannot be divulged or acted upon for advisory or other clients. Similarly, we may give advice or take action with regard to certain clients, including clients in the Program, which differs from that given or taken with regard to other clients. This includes the advice given or actions taken for certain securities, mutual funds, ETFs or investment managers. In some instances, the actions taken by our Affiliates for similar services and programs may conflict with the actions taken by us. This is due to, among other things, the differing nature of our Affiliate's investment advisory service and differing processes and criteria upon which determinations are made.

We and our Affiliates limit the overall aggregate ownership in certain Registered Funds that are mutual funds and ETFs by us, our Affiliates and those of our clients that have granted discretion to us, our Affiliates and/or Merrill Advisors ("discretionary clients") to avoid potential restrictions on our ability and our Affiliate's ability to engage in principal trading and other transactions such funds. Registered Funds identified by us for these limitations from time to time are referred to as In-Scope Funds. A portion of the aggregate ownership limit is attributed to our Affiliates. When we and our Affiliates choose to allocate a portion of an investment opportunity in an In-Scope Fund to us, or our Affiliates, there is a corresponding reduction under the overall aggregate ownership limit of In-Scope Fund shares available for investment by discretionary clients. As a result of these ownership limits and allocations, discretionary clients will face limits on their ability to invest in In-Scope Funds from time to time and can be precluded from investing in certain In-Scope Funds that otherwise might have been the best available investment alternatives. Because our and our Affiliates' ownership is applied to determine the aggregate ownership limits, such limits create conflicts of interest for us in determining the amount of investment opportunities in In-Scope Funds that are available to discretionary clients.

From time to time, however, a constituent Fund selected for a Strategy may invest in securities issued by BofA Corp. or its Affiliates to achieve its investment objective. Any such investments by a Fund are required to comply with the applicable provisions of the Investment Company Act, including limitations on investments in securities-related businesses, and will not be influenced by MLPF&S or MAA.

From time to time, a shareholder of BofA Corp. could acquire a sufficiently large interest in BofA Corp. that the holding triggers statutory or regulatory obligations or restrictions. In such event, our ability to take certain actions or make recommendations within your Account, such as buying or selling securities issued by the shareholder or its Affiliates, will be limited.

We address these conflicts in a variety of ways, including through disclosure in this Brochure; our policies that require that our recommendations of Strategies be suitable for each client based upon investment objectives, risk tolerance, financial situation and needs; and a variety of restrictions, procedures and disclosures designed to address potential conflicts of interest — both those arising between and among Accounts as well as between Accounts and our business. For example, our personnel also are subject to personal trading restrictions as detailed in our policies and procedures and Code of Ethics.

**Trade Execution.** We or our Affiliate may execute transactions in your Account on a principal basis (that is, when we or an Affiliate sell a security to you, or buy a security from you, for our own account) as permitted by law, and upon your consent (when required by applicable regulations). Principal transactions may give you access to investment opportunities or trade executions that might not otherwise be available to you, such as trading of fractional shares within your Account. Principal transactions may not be effected for Retirement Accounts, except in accordance with applicable law.

There are conflicts of interest present when we execute transactions in your Account on a principal basis. If Merrill effects a principal transaction for your Account, then in addition to the Program Fee, we receive a benefit from the “spread” or the difference between the price we pay for a security and the price at which we sell it to you, or between the price we may pay for a security that we may buy from you and the price for which we may later sell it. The receipt of additional compensation and an incentive to recommend a transaction involving our inventory present conflicts between our interest and yours. The types of securities that may be purchased or sold on a principal basis in your Account pursuant to the terms of your Agreement may change in the future and could become more limited.

We may, at times, have the opportunity to act as agent for both buyer and seller in a transaction for your Account. This is called an agency-cross transaction. Since we generally will receive compensation from each party to an agency-cross transaction, there is a potential conflict between our responsibilities and loyalties to you and to the other party to the transaction. Any compensation we receive will be in addition to the Program Fee.

The Agreement generally gives us permission to engage in agency-cross transactions for your Account, except where prohibited by law. You may revoke your consent at any time by notifying us in writing. At times, we may consider a security being sold by one investment advisory client to be appropriate for purchase by another investment advisory client account. In such cases, we may arrange to transfer or “cross” the security directly between the affected accounts. Any cross transactions in your Account would be effected in accordance with applicable law and your Agreement. Cross transactions generally will be effected at an independently determined market price and will not result in any additional compensation to us.

For a Retirement Account that is subject to ERISA or the Code’s prohibited transaction rules, transactions, including agency-cross transactions, will be effected by or through Merrill or our Affiliates in compliance with ERISA Section 408(b)(19), U.S. Department of Labor Prohibited Transaction Exemption 86-128, or otherwise in a manner that is not prohibited by ERISA or the Code.

We do not receive payment for order flow from liquidity providers to which we route our customer orders in equity securities. We directly or indirectly (through our Affiliates) receive rebates from, and pay fees to, certain registered securities exchanges for providing or taking liquidity on those exchanges, according to those exchanges’ published fee schedules filed with the SEC. In some cases, the rebates received by us from an exchange will, over a period of time, exceed the fees paid to the exchange. The rebates and payments from these third parties vary depending on the order and the exchange to which orders are directed and create a conflict of interest because we are incentivized to recommend transactions that provide us with greater rebates or payments from these exchanges.

**Covered Entities under the Volcker Rule.** We may provide certain entity clients that qualify as “family wealth management vehicles,” or FWMV

clients, with both the Program Services as well as lending services and engage, where permitted, in principal transactions. In doing so, we rely on the exception under the Volcker Rule implementing regulations that is available for FWMV clients and have provided FWMV clients with key disclosures that relate to qualifying for this exception in the Agreement. For certain entity clients that are deemed “covered fund” clients under the Volcker Rule, we are not permitted to offer both Program Services and the availability of margin, lending or other extensions of credit from us or any of our Affiliates, including BANA, or engage in certain principal transactions. Certain other transactions between BANA or its Affiliates and the entity client will also be prohibited.

## Account Reviews and Reporting

An important part of the Program relationship involves providing you with the opportunity to engage in periodic online reviews. These reviews provide updates on the progress of your Account, performance of your Account’s portfolio and other important information about your investments. This review is also an opportunity to ensure that the information you provide is complete, accurate and reflects your financial situation and objectives for the Accounts enrolled in the Program. As noted above, if there are multiple owners on this Account, the information you provide should reflect the views and circumstances of all owners on the Account. If you are the fiduciary of this Account for the benefit of the account owner or account holder (e.g., the trustee for a trust or custodian for an UTMA), please keep in mind that these assets will be invested for the benefit of such account owner or account holder.

A periodic review of an Account should typically occur on an annual basis; however, we have the ability under our Program guidelines to extend or defer the timing of the review under certain circumstances and for certain periods of time. We will contact you periodically, primarily through electronic means, to request that you review your information for each of the Accounts in the Program and ensure that it is up to date. You will be required to perform your review through the Program Website. You may receive additional reminders through other means to complete your review through use of the Program Website. If you do not respond to our requests to review your information to ensure it is up to date, we will view that as confirmation that your information continues to be accurate and complete if certain criteria is met under our Program Guidelines. Because these reviews provide you with important information relating to your Account, you are encouraged to take advantage of these opportunities to participate in Account reviews. If you do not participate in your Account review, we may, in our discretion, terminate your Account.

At the time of your periodic review, we may determine to recommend a new Strategy for your Account. If we recommend a new Strategy for your Account, we will notify you to consider and, if acceptable to you, to select the new Strategy for your Account. We will periodically communicate to you important information about how we are managing your assets in the Program. The primary means through which we will communicate with you and memorialize in writing the important terms, conditions and information about your Account and Strategy is through a Program Report (also known as a Portfolio Summary). You will receive a Program Report from us after we accept your enrollment in the Program and when you make a Strategy change and when your Target Asset Allocation for the Account is changed.

The information set forth in the initial and each subsequent Program Report is how we reflect the Services that we will provide to you with respect to the assets in your Account and pursuant to the Agreement. You should review each Program Report we send to you carefully to ensure that the information reflected therein is accurate and you should contact us or update your information via the Program Website if you believe any of the information is, or becomes, inaccurate. We will send you periodic updates that contain information about your Account, including trade confirmation information and account statements. We will also provide you with performance information online through the Program Website to help you monitor and assess the performance of your Account and the Strategy

you select. This includes information regarding investment return, risk and selected benchmark comparisons for your Account assets in the Strategy you select. You should review all such materials carefully and promptly report any discrepancies to us.

As an accommodation to you, we may agree, in our sole discretion, to include, in certain of our Program communications and reports, information about External Assets that you have provided to us in connection with your Goal Target. The Program Fee will not apply to these External Assets and we will not be an investment adviser or a fiduciary with respect to them.

We reserve the right to change the format, content and nature of the presentation of information in the Program Report in our sole discretion. The Program Report or other Program communications, including those prepared or delivered in a digital or electronic format, may also include information about your accounts that are not subject to the Agreement, including, in our discretion, your brokerage accounts, other investment advisory program accounts and banking relationships and accounts held at other financial institutions. Their inclusion in a Program Report or other materials is provided for your information only and does not change the nature of our obligations to you under agreements related to those accounts and relationships. The Program Fee will not apply to these accounts or relationships, and we will not be an investment adviser or a fiduciary with respect to the assets in such accounts, solely by virtue of their inclusion in a Program Report or other materials we provide. Any such included accounts will continue to be subject to the terms and conditions of the applicable securities or other account agreements. Any advice that we may provide to you with respect to the assets in such accounts, including asset allocation advice, will be incidental to the services that we provide to you under the other applicable securities or other account agreements.

## **Referrals and Other Arrangements**

Our employees may refer advisory clients to BANA and other of our Affiliates for products and services. Similarly, employees of BANA and its Affiliates may refer clients to MLPF&S for brokerage and investment advisory services. These referrals may involve the payment of referral fees between us and BANA or its Affiliates. MLPF&S financial advisors may receive compensation for referrals to the Program..

We have entered or may enter into marketing arrangements with third parties who, for compensation, will provide consulting or other services to us in connection with marketing our various advisory programs. Each such marketing arrangement is or will be governed by a written agreement between us and the third-party, and will be disclosed to you, as required by law.

## **Financial Information**

Not applicable.



## Glossary

**"Account"** means the securities account to which the Agreement applies and that is enrolled in the Program, as set forth in the Portfolio Summary.

**"Account Risk Tolerance"** is a reflection of your tolerance for potential loss of some or all the assets in your Account in exchange for greater potential returns, which is expressed in three levels; Low (Conservative), Medium (Moderate) and High (Aggressive).

**"Advisers Act"** means the Investment Advisers Act of 1940, as amended.

**"Affiliate"** means a company that is controlled by, in control of, or under common control with another company.

**"Agreement"** means the investment advisory agreement for the Program among the client, MAA and MLPF&S, as it may be amended from time to time.

**"Allocation Profile"** means the allocation of assets to one or more asset classes that is based on certain information you provide as part of the Online Profiling Process and through the Program Website. Hypothetical projections are calculated based on a goal's Allocation Profile.

**"BofAS"** means BofA Securities, Inc., an Affiliate of Merrill.

**"Bank Affiliate"** means Bank of America, National Association (BANA) or other banks that are affiliated with us.

**"Cash Sweep Program"** means the program associated with your securities account whereby cash balances in your Account are automatically swept into a cash sweep vehicle in accordance with the terms of your Account type.

**"CIO"** means the Chief Investment Office of MLPF&S.

**"Constituent Fund"** means a Fund that is included as part of a Strategy.

**"Effective Date"** means the date the account's enrollment in the Program is accepted by us.

**"Exchange Act"** means the Securities Exchange Act of 1934, as amended.

**"FINRA"** means the Financial Industry Regulatory Authority, Inc.

**"Fund"** means registered investment companies, including mutual funds and ETFs.

**"Internal Revenue Code"** means the U.S. Internal Revenue Code of 1986, as amended.

**"Investment Company Act"** means the Investment Company Act of 1940, as amended.

**"Lending Programs"** means, collectively, certain unaffiliated or affiliated loan programs, such as, but not limited to, the securities-based lending Loan Management Account® ("LMA") and Mortgage 100®/Parent Power® mortgage programs.

**"MLDD Program"** means the Merrill Lynch Direct Deposit Program.

**"NTF"** means a nontraditional mutual fund or ETF registered with the SEC that is classified as an Alternative Investment by us because its principal investment strategies utilize alternative investment strategies or provide for alternative asset exposure as the means to meet its investment objectives.

**"Portfolio Summary"** (also referred to as a Program Report) means a periodic communication sent to you electronically that contains important terms, conditions and information about your Account and Strategy.

**"Program"** means Merrill Guided Investing, an online investment advisory program described in this Brochure.

**"Program Report"** means a periodic communication sent to you that contains important terms, conditions and information about your Portfolios, Accounts and Strategies.

**"Program Website"** means [merrilledge.com/guided-investing](https://merrilledge.com/guided-investing).

**"RAS"** means the Retirement Asset Savings Program.

**"Related Company"** means a company that is an Affiliate of BANA or in which BANA or an Affiliate of BANA has a material ownership interest.

**"Related Fund"** means any Fund sponsored, managed, or advised by us, a Related Entity or any of our Affiliates.

**"Retirement Account"** means an individual retirement account within the meaning of Section 408(a) of the Code, a simplified employee pension within the meaning of Section 408(k) of the Code, a simple retirement account within the meaning of Section 408(p) of the Code, and a Roth IRA within the meaning of Section 408A of the Code.

**"SEC"** means the United States Securities and Exchange Commission.

**"Services"** means the services provided through the Program and described in this Brochure.

**"Strategy"** means an investment strategy developed by the CIO to align to a particular Target Asset Allocation.

**"Unaffiliated Trade Counterparty"** means a bank, broker or dealer other than Merrill or a Merrill Affiliate.

**"You"** or **"your"** means each account owner or account holder or fiduciary acting on behalf of an account owner or account holder (e.g., trustee for a trust or custodian for an UTMA).

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