



Disclosure Document for the Premier Directions Program

An Investment Advisory Service of
PNC Investments LLC

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March 30, 2011
(revised April 4, 2012)

This wrap program brochure ("Brochure") provides information about the qualifications and business practices of PNC Investments LLC and our Premier Directions Wrap-Fee Advisory Program ("Program"). If you have any questions about the contents of this Brochure, please contact us at (800) 762-6111. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

PNC Investments LLC, a registered broker-dealer and member of Financial Industry Regulatory Authority ("[FINRA](http://www.finra.org)") and Securities Investor Protection Corporation ("[SIPC](http://www.sipc.org)"), is a wholly owned subsidiary of PNC Financial Services Group, Inc. Additional information about PNC Investments LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Not FDIC Insured • Not Bank Guaranteed • May Lose Value

Material Changes

The Premier Directions disclosure document dated March 30, 2012 indicated there was a material change to the brochure since the last brochure dated March 31, 2011. We have determined that there was no material change since the March 31, 2011 document and are updating this disclosure accordingly.

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Introduction

The PNC Financial Services Group, Inc. ("PNC") is a diversified financial institution with assets of more than \$271 billion. With roots in commercial banking and investment management dating back to the early 1800s, it is one of the nation's oldest and largest financial services companies. Through its wholly owned subsidiary, PNC Bank, National Association ("PNC Bank"), PNC offers regional banking accounts and services in 16 states and the District of Columbia. Through its wholly owned subsidiary, PNC Investments LLC ("PNC Investments"), a registered broker-dealer and member of FINRA and SIPC, the firm offers financial planning, retail brokerage and investment advisory services in connection with wrap fee programs in the same 16 states and the District of Columbia. PNC Investments serves as sponsor or portfolio manager of these wrap fee investment programs.

Throughout this document, the terms "client," "you," and "yours" are used to refer to the individual(s), institution(s) or organization(s) who contract with us for the services described here. "PNC Investments," "we," "our," "us" and "the firm" refer to PNC Investments LLC, together with our affiliates, including but not limited to, The PNC Financial Services Group, Inc. and its agents with respect to any services provided by those agents.. Each affiliate is a separate legal entity and not responsible for the obligations of any other affiliate.

"Account" means any brokerage and/or advisory Account you open with us, including any and all mutual funds, exchange traded funds, money, securities, financial instruments and/or other property you have deposited with us. "Wrap" refers to an Account that charges a quarterly or annual fee based on the average assets under management. The "fee" covers administrative, commission, execution and management expenses. "Business Day" means Monday through Friday, excluding New York Stock Exchange holidays.

1. Services, Fees and Compensation

PNC Investments sponsors a number of wrap advisory programs, including mutual fund wrap programs, financial advisor- and client-directed programs, as well as separately managed Account programs. This Disclosure Document is being provided pursuant to Section 204 of the Investment Advisers Act of 1940, as amended, and deals solely with our Premier Directions Program.

The Premier Directions Program

The Premier Directions Program is a separately managed account platform that allows you, working with your financial advisor ("FA"), to open a professionally managed, discretionary wrap Account with an asset manager chosen from a roster of investment advisers selected for participation in the Program. You will open and maintain a separate brokerage Account for each investment manager you select. The Premier Directions Program is designed for clients who wish to give the investment manager(s) they have selected full discretion over their Account(s) in order to implement an asset allocation-based investment strategy.

You may choose 75 different investment managers, recommended by Lockwood Advisors, Inc. ("Lockwood") and approved by PNC Investments' Product Review Committee. Lockwood is a registered investment adviser not affiliated with PNC Investments. Each manager adheres to one of several investment objectives. Examples of investment objectives include domestic large cap value, international large cap equity or intermediate taxable fixed income. You will work with your advisor to select one of five core asset allocation models that match your risk profile. With the aid of your advisor, you will then select one or several approved investment managers to manage your account(s). The five models have been developed by PNC's Asset Management Group and approved by PNC Investments' Product Review Committee and are summarized below:

- **Conservative.** The primary objective of the Conservative model is to generate a modest amount of current income, and secondarily to provide a modest amount of long-term capital growth, which should help offset some of the effects of inflation. Long-term growth of principal will be aided by income reinvestment. The minimum recommended time horizon for this portfolio is three to five years.

While the goal is to maintain a low-risk posture, investors should be willing to accept periodic declines in portfolio value. Although past performance is no guarantee of future results, any such decline should be significantly less severe than declines in the broader equity markets. The portfolio's split allocation between equity and fixed income securities, with an allocation to cash and money market instruments, exposes it to both the risk of rising interest

rates and falling equity prices. Although unlikely, a decline in portfolio value exceeding 10% in a single year cannot be excluded. Your ability to ride out such temporary declines raises the possibility of achieving the portfolio's long-term investment objective.

- **Moderate.** The objective of the Moderate model is to generate a moderate amount of current income with the potential for longer-term capital growth. The portfolio is evenly split between equity and fixed income securities, and is constructed to provide both long-term capital appreciation in excess of inflation and a moderate amount current income, which could be available to meet your day-to-day expenses. Reinvestment of income will increase the portfolio's ability to exceed inflation over the long-term. The minimum recommended time horizon for this portfolio is five to ten years.

The portfolio's split allocation between equity and fixed income securities, with an allocation to cash and money market instruments, exposes it to both the risk of rising interest rates and falling equity prices. Although this split will temper periodic declines in portfolio values, a decline exceeding 15% in a year cannot be excluded. Your ability to ride out such declines raises the probability of achieving the portfolio's long-term investment objective.

- **Balanced.** The primary objective of the Balanced model is to provide long-term capital appreciation in excess of inflation, with a modest amount of current income as a secondary objective. The portfolio is split between equities and fixed income securities, with a higher allocation to a variety of equity securities. The portfolio also contains a small allocation to cash and money market instruments. While the current income generated could be available to meet your day-to-day expenses, income reinvestment will increase the portfolio's ability to exceed inflation over the long-term. The minimum recommended time horizon for this portfolio is five to ten years.

This portfolio maintains a somewhat aggressive risk posture, and you should be willing to accept periodic declines in portfolio value. Although past performance is no guarantee of future results, these declines should be modestly less severe than declines in the broader equity markets. Because the portfolio is largely invested in equities, it can experience fluctuations – up or down – in value over short time periods. Declines exceeding 25% in a 12-month period, while not common, cannot be ruled out. Your ability to ride out such declines raises the probability of achieving the portfolio's long-term investment objective.

- **Growth.** The primary objective of the Growth model is long-term capital growth. It may secondarily generate a minimal amount of current income by including some fixed income securities. The portfolio is concentrated in equity investments in order to earn returns exceeding the rate of inflation over the long-term. A small allocation to fixed income securities, as well as cash and money market instruments, is included primarily to dampen volatility over the long-term. The minimum recommended time horizon for this portfolio is more than ten years.

This portfolio maintains an aggressive risk posture, and you should be willing to accept potentially significant declines in portfolio value that will most likely be similar to declines in the broader equity markets. Because the portfolio is predominantly invested in equities, it can experience sharp fluctuations – up or down – in value over short time periods. Although past performance is no guarantee of future results, declines exceeding 30% in a 12-month period, while uncommon, cannot be ruled out. Your ability to ride out such declines raises the possibility of achieving the portfolio's long-term investment objective.

- **Aggressive.** The primary objective of the Aggressive model is long-term capital growth. An Aggressive portfolio is concentrated in equity investments for long-term growth. Returns in excess of the underlying rate of inflation are necessary to increase both principal and purchasing power. The minimum recommended time horizon for this portfolio is more than ten years.

This portfolio maintains a highly aggressive risk posture, and you should be willing to accept potentially significant declines in portfolio value, similar to or greater than declines in the broader equity markets. The portfolio may contain a small allocation to fixed income as well as cash and money market instruments. Because the portfolio is predominantly invested in equity securities, it can experience sharp fluctuations – up or down – in value over short time periods. Although past performance is no guarantee of future results, declines exceeding 35% in a 12-month period should not be ruled out. Your ability to ride out such declines raises the possibility of achieving the portfolio's long-term investment objective.

Before you open a Premier Directions Account with us, your Financial Advisor (FA) will help you complete an investor questionnaire that provides us with a comprehensive understanding of your financial situation, investment objectives and risk tolerance. Based on the information collected in the questionnaire, we will recommend an asset allocation model and identify investment managers appropriate for your investment Account. We will present our recommendations to you in the form of an Investment Proposal for your acceptance and approval. By accepting these recommendations and signing the Investment Management Agreement, you authorize Lockwood to delegate discretionary trading authority over your Account, or a portion of your Account, to the investment manager(s) you have selected. You will not have the ability to directly buy or sell securities in your Account, or to direct your FA or the selected investment manager to buy or sell securities in your Account. You will not be able to obtain a margin loan using the securities in your Program Account as collateral. You will retain, however, the ability to place reasonable restrictions on the types and/or classes of securities that may be purchased for your Account, subject to the approval of the investment manager.

The investment manager(s) selected for your Account(s) will have the discretion to invest and reinvest the assets in each Account in a combination of equity securities, fixed income securities, mutual funds, exchange traded funds ("ETFs") and other financial instruments in accordance with the allocation model that you have selected. The manager chosen for each Account will be responsible for rebalancing the Account to keep it within the acceptable allocation ranges for the specified model.

Lockwood and the investment manager(s) you have selected will be given information about your financial circumstances, investment goals and objectives and any special written instructions you may wish to provide regarding your Account. Lockwood will update this information whenever we notify them of changes to your financial status or goals.

PNC Investments and Lockwood retain the authority to put an investment manager's services on hold and to terminate or change investment managers when circumstances are such that PNC Investments or Lockwood believes a change is in your best interest. If a manager is terminated, Lockwood will notify us and provide a replacement manager. PNC Investments is responsible for advising you about any material changes to the Program, including investment manager changes.

You will receive a monthly statement confirming all transactions in your Account, including additions, disbursements, purchases, sales, and advisory fees paid to either PNC Investments or your investment manager. You will also receive a quarterly performance report, generated by Lockwood, tracking the performance of your portfolios against relevant benchmarks.

Your FA will contact you at least annually, or more often as mutually agreed, to review your Account. You should inform your FA of any changes to your financial profile or investment objectives. Your FA will communicate any changes about you to Lockwood who will in turn communicate them to the investment manager(s) you selected. You will have very limited, if any, ability to have direct contact with Lockwood or the investment manager(s). You should direct any inquiries regarding your investment manager(s) to your FA. Therefore, it is very important that you maintain contact and communication with your FA.

Either party may terminate the Premier Directions Agreement on thirty (30) days' written notice to the other party.

Securities Transferred into an Account

You should be aware that if you transfer securities into a Premier Directions Account, some, and possibly all, of the transferred securities might be liquidated upon, or shortly after, notification to the investment manager. You may incur adverse tax consequences as well as additional transaction costs in connection with these transactions.

Withdrawals from an Account

You should also be aware that if you request a withdrawal from a Premier Directions Program Account, your investment manager may need to sell securities in the Account to cover the requested withdrawal amount. This will happen, for example, when the cash in your Account is insufficient to accommodate the requested withdrawal. You may incur tax consequences as well as additional transaction costs in connection with these transactions. In addition, you should

know that liquidation transactions are at the discretion of the investment manager, and cash may not be available for distribution until several business days after the request is made.

Fees and Expenses

You will pay both a “Program Fee” and a separate “Investment Manager Fee” for the services of each investment manager selected under the Premier Directions Program. Each fee is calculated as a percentage of assets under management by that particular manager. The fees will vary depending on the services provided to you.

The Program Fee is based on the total assets under management, including any portion of the Account maintained in cash or in short-term vehicles including, but not limited to, money market funds. Our standard Program Fee schedule is as follows:

Assets Under Management	Standard Program Fee
First \$249,999	2.00%
\$250,000 -- \$499,999	1.75%
\$500,000 -- \$999,999	1.50%
\$1,000,000 -- \$1,999,999	1.25%
\$2,000,000 -- \$3,999,999	1.00%
Over \$3,999,999	Negotiable
Minimum Fee	\$1,750

Depending on certain factors, including the type and size of your Account, the range of services provided and the total amount you have invested with PNC Investments, you may negotiate a Program Fee that varies from the standard schedule above. Program assets may be grouped for members of the same household for fee calculation purposes, as described in the Client Agreement. Minimums may be waived in appropriate circumstances. Therefore, the Program Fee detailed on Schedule A of your Investment Management Agreement will supersede the fee schedule set forth above. The Program Fee covers the cost of brokerage commissions and other transaction fees only for transactions effected through National Financial Services LLC (“National Financial”) on an agency basis. You will bear the cost of brokerage commissions on transactions effected through other brokers, dealer markups, markdowns and spreads (whether charged by National Financial or another broker-dealer for transactions effected on a principal basis), and any other transaction or account fees that are charged to the Account.

In addition to the Program Fee, you will pay a separate Investment Manager Fee for the services provided by each of the individual investment managers you have selected. The Investment Manager Fee is based on the total assets under advisement with the applicable Investment Manager(s), including any portion of the account maintained in cash or in short-term vehicles including, but not limited to, money market funds. Investment Manager Fees range from 30 to 75 basis points, depending on the investment style of that particular manager. For example, a fixed income manager usually charges a lower fee than a small cap equity manager. Fees and styles for each manager you have selected are designated on Schedule A of your Premier Directions Advisory Services Agreement.

Both the Program Fee and the Investment Manager Fees are charged quarterly and payable in advance and will be based on the average daily balance of your Account over the prior calendar quarter or portion thereof. Fees are not prorated for contributions or withdrawals made during a calendar quarter, except in the case of account termination. If your Account is terminated, by you or PNC Investments during a calendar quarter, the Fee for that quarter will be prorated over the number of days that the Account was open during the quarter. Any overpayment will be refunded to you after the Account is closed. PNC Investments reserves the right to charge its standard fees for additional brokerage account services that are not included in the Premier Directions Program. Such fees may include, but are not limited to, ACAT (i.e., account transfer) fees, wire transfer fees, IRA fees and stop payment fees.

All fees incurred by the Account will be paid from the cash balance or by selling shares of a money market mutual fund. If the Account does not have a sufficient cash balance or enough money market mutual funds to pay the Fees, we may sell securities as necessary to pay them. Selling securities to pay fees and expenses may incur transaction costs and could create tax consequences for you.

Other Expenses

Each of the mutual funds or ETFs, including money market funds, in which Program assets may be invested, pays separate operating expenses, management fees and distribution fees. All of these fees and expenses are paid by the investment company, but ultimately borne by investors. Some mutual funds may also impose redemption fees to discourage short term trading. Redemption charges are retained from the proceeds of the sale by the fund company for the benefit of the remaining shareholders. These charges are in addition to the Program fee you pay to us and are reflected on your monthly statement.

PNC Investments is expressly authorized to receive commissions and/or fees associated with your investment in mutual funds as described in the funds' prospectuses. These fees may include sub-administration fees, omnibus accounting fees and/or 12b-1 fees. 12b-1 fees are annual distribution and shareholder servicing fees, generally calculated as a percentage of the fund's net assets, which are used to compensate financial advisors and other investment professionals for services provided to the Account on behalf of the fund company. If you open your account as an IRA, we will credit the amount of any 12b-1 fee we collect to your IRA Account to offset a portion of the IRA client fees, as disclosed in the IRA application. 12b-1 fees are not, however, used to offset other fees in non-IRA accounts. Finally, your Account may be invested in funds in which PNC Investments or one of our affiliates acts as an adviser, sub-adviser or administrator and receives a fee for such services.

The Premier Directions Program may cost you more or less than purchasing securities in an account separately. Certain securities are also available for purchase through our broker-dealer services.

Financial Advisor Compensation

A portion of the fees charged for Program services may be paid to your FA in connection with opening your Account, as well as for providing client-related services within the Program. This compensation may be more or less than an FA would receive if you paid separately for investment advice, brokerage services and other services. PNC Investments may also pay a portion of the first year's estimated fees from your Account to your FA.

From time to time, PNC Investments initiates incentive programs for its employees including FAs. These programs include, but are not limited to, programs that compensate them for attracting new assets and clients, or for referring business to our affiliates (such as referrals for mortgages, trusts, or insurance services); programs that reward them for promoting investment advisory services, for participating in advanced training, and for improving client service; and programs that reward FAs who meet total production criteria.

FAs who participate in these incentive programs may be rewarded with cash and/or non-cash compensation, such as deferred compensation, bonuses, training symposiums and recognition trips. These programs may be partly subsidized by external vendors or our affiliates, such as mutual fund companies, insurance carriers or money managers. Therefore, our FAs and other associates may have a financial incentive to recommend the programs and services included in these incentive programs over other available products and services that we offer.

2. Account Requirements and Types of Clients

The minimum account size for the Premier Directions Program is \$100,000, but it typically takes between \$500,000 and \$700,000 to build a fully diversified investment portfolio in this type of account. Each individual investment manager in the Program will also have its own minimum which may be more or less than the Program minimum. PNC Investments, Lockwood or the investment manager selected may terminate any Account that falls below a specific minimum account value on 30-days written notice to the Account holder. To avoid termination, you may be required to deposit additional assets in your Premier Directions account to remain in the Program. If an Account is terminated, we issue a notice of termination. If we receive no transfer instructions from you within the 30-day period, we may, at our discretion, direct the liquidation of the assets in the Account and/or transfer those assets to a PNC Investments regular brokerage account. Such a transfer may result in the sale or exchange of mutual fund shares that are not eligible to be held outside

the Premier Directions Program. The sale or exchange of fund shares may create tax consequences and the Account may also incur redemption fees in some funds.

PNC Investments generally provides investment advice to individuals, high-net-worth individuals, banks and thrift institutions, pension and profit-sharing plans, charitable organizations and corporations.

3. Portfolio Manager Selection and Evaluation

Manager Selection

The selection of investment managers and ongoing due diligence are critical steps in implementing a customized asset-allocation Program designed to meet your investment objectives. Lockwood is responsible for selecting, engaging and monitoring the investment managers available through the Program. One of their primary methods of analysis and sources of information is the proprietary due diligence conducted by Lockwood's Research Department. This due diligence may include, but is not limited to, on-site visits, interviews with investment personnel and senior management, inspection of their client files, conversation with auditors of their performance (if any), and analysis of the client accounts monitored by Lockwood. In addition, Lockwood may review regulatory filings as well as analysis and statistics written or compiled by government agencies, trade groups or professional associations. Lockwood may also engage a third party-firm to assist them in their due diligence efforts. For ETFs and mutual funds, Lockwood relies primarily on quantitative analysis of available industry data and analysis of money managers rather than manager meetings or conference calls. However, if Lockwood determines that a money manager controls a significant share of a mutual fund's or EFT's assets, they may, at their discretion, conduct additional due diligence.

Lockwood reviews and selects investment managers for the Program based on a variety of factors including, but not limited to, investment objectives; investment processes; assets under management; personnel experience and overall quality; performance track record relative to an appropriate benchmark; performance consistency; performance relative to peers; asset class or style; risk-adjusted return; total return; alpha, beta and R-squared for relevant benchmark; Sharpe ratio (return per unit of risk); rolling-period return; style analysis; tracking error; up/down market performance; peer group rankings; diversification and sector allocation; equity and fixed income portfolio characteristics; portfolio turnover; portfolio holdings/transactions consistent with stated investment process; method of controlling and assessing portfolio risk; and consistency of account return dispersion with the stated process. Lockwood reviews and selects mutual funds and ETFs based on the factors listed above, and also based on the funds' management, expense ratios and redemption fees. Finally, they verify that the investment managers are operationally capable of being added to the Program.

Lockwood requires that investment managers report their total return calculations using a time-weighted rate of return methodology. Lockwood does not, however, confirm investment managers' advertising performance information. The returns reported are derived from sources believed to be reliable; however, Lockwood makes no representations or warranties as to the accuracy of performance information.

The Premier Directions Program and other wrap programs we recommend may include investor management affiliates of PNC Investments including BlackRock and PNC Capital Advisors. Lockwood will not treat those entities any differently from investment managers that are not affiliated with PNC Investments. Lockwood is affiliated with one or more investment advisers that may act as investment managers to mutual funds or ETFs. To avoid related conflict of interest concerns, Lockwood typically excludes all such funds from the universe of mutual funds or ETFs that can become available investment vehicles in the Program.

PNC Investments and Other Service Providers to the Program

PNC Investments was formed in 2003, and is an indirect, wholly owned subsidiary of The PNC Financial Services Group, Inc. PNC Bank N. A. is also a wholly owned subsidiary of The PNC Financial Services Group, Inc., a financial holding company. PNC Investments is registered with the Securities and Exchange Commission as an investment adviser and a broker-dealer. PNC Investments is a member of FINRA and SIPC, and serves as principal sponsor of the Premier Directions Program.

The term “sponsor” refers to any person who receives compensation for sponsoring, organizing or administering the program, or for selecting, or providing advice to clients regarding the selection of, persons responsible for managing the client’s account in the program. If a program has more than one sponsor, one person shall be designated the principal sponsor of the program.

Lockwood Advisors, Inc., a wholly owned subsidiary of The Bank of New York Mellon Corporation, serves as co-sponsor of the Premier Directions Program. In that capacity Lockwood maintains the asset allocation models, selects and monitors the participating investment managers and provides back office support for services such as client billing and investment performance reporting. Lockwood also provides quarterly performance reports, including performance analysis, asset allocation and rebalancing and comparison to relevant benchmark indices.

Neither PNC Investments nor Lockwood receive performance-based fees calculated as a share of capital gains on, or capital appreciation of, the funds or any portion of the funds or other investments in a client’s Account.

National Financial provides trading, custody and operational services for the Premier Directions Program. National Financial carries client Accounts, is the custodian for the investments in your Account, and effects and reports all the trades in your Account. National Financial will provide you with trade confirmations, monthly statements and income tax reporting.

Risks of Investing in the Program

Investing in securities, including the investments offered through the Premier Directions Program, involves risk of loss that you should be prepared to bear. There is no guarantee that the elements of the Premier Directions Program, including the asset allocation models, selection of investment managers and/or research recommendations will protect against such loss. Other risks include:

- **Market Risk.** Market risk is the risk that the price of securities will fall over short or extended periods of time. Historically, the prices of equity securities have moved in cycles and the value of an account’s investments may fluctuate from day to day. Individual companies may report poor results or be negatively affected by industry or economic trends or developments. The price of securities issued by these companies may decline in response. These factors contribute to price volatility.
- **Allocation Risk.** A client account is subject to the risk that asset allocation decisions will not anticipate market trends correctly. For example, weighting an account too heavily in equities during a stock market decline may cause a loss of value. Conversely, investing too heavily in fixed income securities during a period of stock market appreciation may result in lower total returns.
- **Credit Risk.** The value of debt securities may be affected by the ability of issuers to make principal and interest payments. If an issuer cannot meet its payment obligations or if its credit rating is lowered, the value of its debt securities may fall.
- **Interest Rate Risk.** The value of fixed income investments may decline because of an increase in market interest rates.

Proxy Voting

The investment manager(s) selected will vote all proxies for securities held in your Premier Directions Account(s), unless you direct otherwise.

4. Client Information Provided to Portfolio Managers

As part of the acceptance and approval process, and by signing the Investment Management Agreement, you authorize Lockwood to delegate discretionary trading authority over your Account, or a portion of your Account, to the investment manager(s) you have selected. Investment managers with responsibility for your assets are sent information on your financial circumstances, investment goals and objectives and any special written instructions you may wish to give them regarding your account. Lockwood updates this information when we notify them of changes to your financial status.

5. Client Contact with Portfolio Managers

Your FA will communicate any changes about you to Lockwood who will in turn communicate them to the investment manager that you selected. You will have very limited, if any, direct contact with Lockwood or any investment manager you select. You should direct any inquiries regarding the investment manager to your FA.

6. Disciplinary Information

In 2009, FINRA cited PNC Investments for failure to have supervisory systems and procedures reasonably designed to achieve compliance with its suitability obligations relating to the sale of variable annuity contracts under FINRA rules. FINRA found that PNC Investments failed to (1) collect or record all the information necessary to assess suitability of variable annuity transactions; (2) give adequate guidance to supervisors regarding factors it identified as relevant to the suitability analysis; and (3) identify or investigate patterns of transactions involving guaranteed minimum income benefit riders. Without admitting or denying these findings, PNC Investments consented to a fine of \$250,000, to undertaking a comprehensive review of its policies and procedures concerning suitability of variable annuity transactions and to certify in writing to FINRA that we had conducted the review and put in place policies and procedures adequate to ensure compliance.

7. Other Financial Industry Activities and Affiliations

PNC Investments' principal business is that of a full-service, general securities broker-dealer, registered with the U.S. Securities and Exchange Commission ("SEC") and as a member of FINRA. Our primary retail brokerage activities include the sale of corporate equities, corporate debt, municipal securities and funds, including private placements of the aforementioned securities.

PNC Investments is part of a broad financial services organization and is therefore affiliated with other entities engaged in a variety of financial services businesses. In some cases, the firm has business arrangements with its affiliates that are material to its advisory business or to its clients. These are described in more detail below and, in some cases, may cause PNC Investments' or a related person's interests to diverge from the best interests of our clients.

PNC Investments is affiliated with the following financial services entities through its parent, The PNC Financial Services Group, Inc.:

- **PNC Capital Advisors, LLC** is a wholly owned subsidiary of PNC Bank N. A., and provides discretionary investment advisory services to registered investment companies, institutional accounts, and personal investment management accounts.
- **PNC Capital Markets, LLC** is an indirect, wholly owned subsidiary of The PNC Financial Services Group, Inc. and offers loan syndication, public finance underwriting and advisory services, securities underwriting and trading, private placements, asset securitizations and merger and acquisition advisory services.
- **PNC Insurance Services, LLC** is a wholly owned subsidiary of PNC Investments and a licensed insurance agency. It provides a variety of insurance products and advice.
- **BlackRock Inc.** ("BlackRock") is the largest publicly traded investment management firm in the United States. BlackRock manages assets on behalf of institutions and individuals worldwide through a variety of equity, balanced, fixed income, cash management and alternative investment products. The PNC Financial Services Group, Inc. owns approximately 20% of BlackRock and PNC Investments is indirectly affiliated with a significant number of BlackRock investment adviser and broker-dealer subsidiaries.

BlackRock's subsidiaries include, BlackRock Advisors LLC, BlackRock Capital Management, Inc., BlackRock Capital Markets, LLC, BlackRock Execution Services, BlackRock Financial Management, Inc., BlackRock Fund Advisors, BlackRock International, Limited, BlackRock Investment Management LLC, BlackRock Investments, LLC. BlackRock Kelso Capital Advisors, BlackRock Realty Advisors LLC.

Possible conflicts of interest that may exist between PNC Investments and its affiliates are discussed below.

Although PNC Investments is committed to acting in the best interests of our clients, in some situations there may be conflicts of interest between the Firm's interests and a client's interests or there may be conflicts in the interests of multiple clients. Many of these conflicts of interest are inherent in operating an investment advisory business. For example, PNC Investments may have an incentive to resolve a matter in favor of clients that are affiliates of the Firm over clients that are not affiliates of the Firm. PNC Investments has adopted policies and procedures that it believes are reasonably designed to help mitigate these conflicts of interest.

Affiliates of PNC Investments may provide advice to their clients with respect to investment strategies that are similar to or the same as strategies offered by PNC Investments. Those advisory affiliates may purchase on behalf of their clients the same securities that PNC Investments may purchase for our clients. As a result, the interests of PNC Investments' clients may conflict with the interests of the clients of these affiliated advisers. For example, if an investment adviser affiliate implements a portfolio management decision for its client ahead of, or contemporaneously with, a decision PNC Investments makes for its client(s), the market impact of the decision made by the Firm's advisory affiliate could result in one or more of PNC Investments' clients receiving less favorable trading results than they otherwise would. PNC Investments' trade allocation and trade aggregation procedures do not typically apply to portfolio management decisions and trading executed by investment advisory affiliates for their clients that are not clients of PNC Investments.

Affiliate Transactions

PNC Investments or its affiliates may from time to time recommend to their clients' investments in transactions in which PNC Investments or its affiliates act as financial advisor or a broker-dealer or in securities which are underwritten, issued, packaged or serviced by an affiliate. Moreover, PNC Investments may act as a financial advisor or a broker-dealer for securities for which an affiliate may act as an appointed agent. These affiliates may receive compensation as a result of these transactions, if these transactions were to occur.

8. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

PNC Investments has adopted a Code of Ethics, which consists of certain general principles including the following:

- Advisory personnel must place client interests before their own.
- The personal securities transactions of our personnel must avoid even the appearance of a conflict with client interests.
- Our personnel must avoid actions or activities that allow, or appear to allow, them to profit or benefit from their position with respect to clients, or that would otherwise bring into question their independence or judgment.

In addition, the Code of Ethics requires our employees to report their personal securities transactions and holdings. A copy of our Code of Ethics will be provided to any client or prospective client upon request.

Our employees are also subject to the PNC Employee Conduct Policies, which cover matters including compliance with law, conflicts of interest, insider trading, outside activities and safeguarding confidential information.

9. Review of Accounts

When you open a Premier Directions Program Account, we review and must approve your investment objectives and strategy for consistency with Program guidelines. Thereafter, we will review the Account with you on a transaction, monthly, quarterly or annual basis, as applicable, to monitor its performance, the appropriateness of the individual funds in it, and any restrictions that might apply.

Your FA or one of our other representatives will contact you at least annually to determine whether there have been any material changes in your financial situation, investment objectives or instructions. We will also notify you in writing quarterly to contact us if there have been any changes in your financial situation, investment objectives or instructions,

and you agree to inform us in writing of any such changes that might affect the manner in which your assets should be invested. Your FA will act on any changes deemed material or appropriate as soon as practicable after we become aware of them.

Finally, your FA and any other representatives responsible for making investment decisions for your Account will be reasonably available to you for consultation about the Account.

10. Client Referrals and Other Compensation

A portion of the fees charged for the Program services described in this Brochure may be paid to your FA in connection with the introduction of accounts as well as for providing client-related services within the Programs. This compensation may be more or less than an FA would receive if you paid separately for investment advice, brokerage and/or other services.

PNC Investments has related persons who are investment advisers who may act as general partners in partnerships in which our clients may be solicited. PNC Investments would not have knowledge of such solicitations should they occur, and consequently, would not be a participant in them, nor would we receive any compensation for them.

11. Financial Information

In certain circumstances, registered investment advisers are required in this Item to provide you with financial information or disclosures about their financial condition.

PNC Investments has no financial commitments that impair our ability to meet our contractual and fiduciary commitments to our clients and has never been the subject of a bankruptcy proceeding.