



Disclosure Document for the Strategic Directions Program

An Investment Advisory Service of
PNC Investments LLC

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This wrap program brochure ("Brochure") provides information about the qualifications and business practices of PNC Investments LLC and our Strategic 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
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Material Changes

There have been no material changes to this document since March 31, 2011

Table of Contents

Table of Contents	3
Introduction	4
1. Services, Fees and Compensation	4
The Strategic Directions Program	4
Securities Transferred into an Account	6
Withdrawals from an Account	7
Fees and Expenses	7
Other Expenses	8
Financial Advisor Compensation	8
2. Account Requirements and Types of Clients	8
3. Portfolio Manager Selection and Evaluation	9
Manager Selection	9
PNC Investments and Other Service Providers to the Program	9
Risks of Investing in the Program	9
<i>Proxy Voting</i>	10
4. Client Information Provided to Portfolio Managers	10
5. Client Contact with Portfolio Managers	10
6. Disciplinary Information	10
7. Other Financial Industry Activities and Affiliations	10
8. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
9. Review of Accounts	12
10. Client Referrals and Other Compensation	12
11. Financial Information	13

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 of 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 the same 16 states and the District of Columbia. PNC Investments serves as the 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 "Wrap 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 Strategic Directions Program.

The Strategic Directions Program

The Strategic Directions Program is a unified investment advisory platform that provides an integrated set of diversified portfolios through a single brokerage Account. Professional investment managers can be selected from an approved list to manage your portfolios, which are available in a variety of investment types and styles. We will help you formulate an investment strategy, which will be implemented on your behalf by Lockwood Advisors, Inc. ("Lockwood"), a registered investment adviser not affiliated with PNC Investments. We have entered into an agreement with Lockwood to provide the portfolio optimization, manager selection and periodic client reporting that are a part of the Strategic Directions Program.

Five core asset allocation models, each associated with a distinctive expected risk profile and comprised of a unique mix of investment assets, have been developed by PNC's Asset Management Group and approved by PNC Investments' Product Review Committee. Each of the models is offered in a taxable, tax-sensitive and non-taxable variation. These models 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, with a small allocation to cash and money market instruments, 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 Strategic 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 a flexible asset allocation model appropriate to your situation. We will present our recommendation to you in the form of an Investment Proposal for your acceptance and approval. In setting up the Account, you and your FA will be able to choose from among approximately one hundred approved mutual funds and mutual fund families, 30 exchange traded funds ("ETFs") and 30 separately managed account ("SMA") managers. By accepting and signing the Investment Management Agreement, you grant discretion over your Account to PNC Investments and Lockwood, and you authorize them to invest and reinvest the assets in your Account in a combination of equity securities, fixed income securities, mutual funds, ETFs and other financial instruments in accordance with the allocation model that you have selected.

The Strategic Directions Program is designed for investors who wish to give Lockwood full discretion to invest the assets in their Accounts according to the asset allocation model they have selected. Once you are approved for the Program, you will not have the ability to buy or sell individual securities in your Account, or to direct your FA or the selected investment manager to buy or sell securities in your Strategic Directions Account. You will not be able to obtain a margin loan using the securities in your Strategic Directions Account as collateral. You will retain, however, the ability to place reasonable restrictions on the types and classes of securities that may be purchased for or held in your Account, subject to the approval of the manager of the asset allocation model selected.

Lockwood will be responsible for monitoring and maintaining the asset allocation models available through the Strategic Directions Program, and will have the discretion to buy and sell securities for your Account. Depending on the asset allocation model chosen, Lockwood will make investments in, without limitation, equity securities, fixed income securities, cash (and/or short-term investments including, but not limited to, money market funds), mutual funds, ETFs and other financial instruments. Lockwood will also be responsible for rebalancing your Account to keep it within the acceptable allocation ranges for the specified model. Lockwood may, at their discretion, remove an asset allocation model from the schedule of available models and replace it with another model.

Lockwood and the investment manager for the allocation model 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. We will update this information whenever you notify us of changes to your financial status or goals.

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, Lockwood or your investment managers. 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. You will have very limited, if any, direct contact with Lockwood or the money managers selected for your account. You should direct any inquiries about your Account, the allocation model or the investment manager to your FA. Therefore, it is very important that you maintain contact and communication with your FA.

Either party may terminate the Strategic 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 Strategic Directions Account some, and possibly all, of the transferred securities may be liquidated upon, or shortly after, notification to the selected 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 Strategic Directions Account, Lockwood or the investment manager may need to liquidate a portion of 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 adverse tax consequences as well as additional transaction costs in connection with these transactions. In addition, You should be aware that liquidation transactions are at the discretion of the investment manager and cash may not be available for distribution until several days after the initial request is made.

Fees and Expenses

You will pay both a “Program Fee” and separate “Investment Manager Fees” for the services provided under the Strategic Directions Program. Each fee is calculated as a percentage of assets under management and will vary depending on the services provided to you.

The Program Fee is based on the total assets under advisement, 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 your personal circumstances and the total amount you have invested with PNC Investments, you may negotiate a Program Fee that varies from the standard schedule above. 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.

The Program Fee you pay to PNC Investments for the Strategic Directions Program is charged quarterly in advance and will be based on the average daily balance in your Strategic Directions Account over the prior calendar quarter or portion thereof.

In addition to the Program Fee, you will pay a separate Investment Manager Fee for the services provided by the investment manager(s) of the allocation model you have selected. The Investment Manager Fee is based on the average daily balance under advisement with the applicable Investment Manager(s), including any portion of the Account maintained in cash, money market funds or other short-term vehicles, over the prior calendar quarter, or portion thereof. The investment manager(s) fee is also charged quarterly in advance and is based on the average daily balance in your account over the prior calendar quarter or portion thereof. The investment manager(s) fees are included with the PNC Investments fees on Schedule A of your Investment Management Agreement.

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 PNCI 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 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 cover the fees, we may liquidate other funds or 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, including money market funds, in which Program assets are invested, pays separate operating expenses, management fees and distribution fees. All of these fees and expenses are paid by the investment company, but are 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 paid to us and are reflected on your monthly statement.

PNC Investments is expressly authorized to receive commissions and/or fees associated with your investments 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 back to your IRA Account, as disclosed in the IRA application. Finally, your Account may be invested in funds in which PNC Investments or one of our affiliates acts as adviser or sub-adviser or administrator and receives a fee for such services.

The Strategic Directions Program may cost you more or less than purchasing the securities in an Account separately. Certain securities are also available for purchase through PNC Investment's 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 our 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 Strategic Directions Program is \$250,000. We may terminate the advisory services on any Account that falls below minimum account value guidelines established by the firm on thirty days' written notice to the Account holder. To avoid termination, you may be required to deposit additional assets in your Strategic Directions

Account to remain in the Program. Under certain limited circumstances, we may waive the minimum account size requirement.

In addition, Investment Managers utilized in the program may impose their own investment minimum and may terminate their management on accounts that fall below this minimum with thirty days notice to the account holder. PNC Investments will have limited or no ability to waive investment manager minimums. 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 Strategic Directions Account is managed to diversify your investments and may include investments in equity and fixed-income securities, options, mutual funds, ETFs and money market instruments. Accounts are managed on an individual basis, and our asset allocation and investment recommendations are determined by and based on our understanding of your financial situation, investment objectives and risk tolerance. You may impose further restrictions and guidelines on your Account, but these may affect the composition and performance of your portfolio.

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 the principal sponsor of the Strategic 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, a wholly owned subsidiary of The Bank of New York Mellon Corporation, serves as co-sponsor of the Strategic 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 Strategic 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 Strategic Directions Program, involves risk of loss that you should be prepared to bear. There is no guarantee that the elements of the Strategic 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.
- The Strategic Directions Program is intended to be a long-term investment program and does not support market-timing or frequent trading. You will be limited to one model change per calendar quarter, except as warranted by changes to your financial situation as agreed by you and your FA. In addition, you will be limited to one investment manager change per asset class per quarter, except as may be agreed by you and your FA. Frequent or excessive trading in Strategic Directions accounts may be grounds for account termination, with thirty days written notice, by PNC Investments, even if the rules above are not violated. The determination of frequent and/or excessive trading is solely at the discretion of PNC Investments.

Proxy Voting

Lockwood will vote all proxies for securities held in the Strategic Directions Program on your behalf. If you choose, you may request to vote your own proxies.

4. Client Information Provided to Portfolio Managers

As part of the acceptance and approval process, and by signing the Investment Management Agreement, you grant Lockwood discretionary trading authority over your Account, or a portion of your Account, to the investment manager(s) selected for the Program. 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. You will have very limited, if any, direct contact with Lockwood or any investment manager you might 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 Strategic 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 securities and 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.