



Genworth®  
Financial

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Form ADV – Schedule H

## PLATFORM DISCLOSURE BROCHURE

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*This brochure provides clients with information about the Platform and about the advisory services of the Genworth Financial Asset Management Division of Genworth Financial Wealth Management, Inc. ("GFWM") that should be considered before becoming a client of your Financial Advisory Firm. This information has not been approved or verified by any governmental authority.*

## I. FINANCIAL ADVISORY FIRM

The Platform described in this Disclosure Brochure is offered through financial advisory firms such as investment advisers and broker-dealers (each, a "Financial Advisory Firm"), serving as the individual investment advisor for each client with accounts invested through the Platform (the "Client"). In order to participate in the Platform, the Client and the Financial Advisory Firm will enter into a Client Services Agreement that outlines the services to be performed by the Financial Advisory Firm, the authority of the Financial Advisory Firm and the Client over transactions in the Client's account, the compensation payable by the Client and other important provisions governing participation in the Platform. The Financial Advisory Firm evaluates the Client's investment needs and objectives, consults with the Client concerning the Client's participation in the Platform and is responsible for determining the suitability of various Platform options ("Investment Solutions") for the Client's investment objectives and financial condition. Each of the Investment Solutions may be implemented with a number of options, including a range of Risk/Return Profiles (the "Risk/Return Profiles") and Asset Allocation Approaches (the "Asset Allocation Approaches"), each described in Section III below, so that the Client can customize a strategy by which each of the Client's accounts under the Platform will be managed or maintained. The specific Investment Solution and the components of the strategy selected for the Client's Account are referred to as the Client's investment "Strategy." A Client may establish one or more investment accounts (each an "Account") through the Platform, and the Client's Accounts are collectively referred to as the Client's "Portfolio."

Set forth below is a description of the components and function of the Platform.

## II. GENWORTH FINANCIAL WEALTH MANAGEMENT

Genworth Financial Wealth Management, Inc. ("GFWM") is a registered investment advisor with the Securities and Exchange Commission (SEC), and provides consulting services to other advisors and investment advisory clients. GFWM is the sponsor of the Platform, and consults with the Financial Advisory Firms to implement the Platform for their Clients. As part of its consulting services, GFWM provides Account administration and has developed internet-based software which provides the Financial Advisory Firm with the capability of directly monitoring its Client Accounts, downloading information concerning changes in the Platform, and accessing current information relating to the Platform.

GFWM serves as the investment advisor for the AssetMark Funds, a series of sub-advised no-load mutual funds that are available in certain Investment Solutions offered under the Platform, and the Genworth Financial Contra Fund, a registered investment company used by GFWM in risk mitigation strategies in some Investment Solutions, and is the investment advisor to the Genworth Variable Insurance Trust ("GVIT"), a series of no-load funds made available exclusively to owners of variable annuity and variable life insurance contracts ("Variable Contracts") issued by Genworth Life and Annuity Insurance Company ("GLAIC") and Genworth Life Insurance Company of New York ("GLICNY"), both affiliates of GFWM.

As of December 31, 2010, Altegris Advisors, LLC, Altegris Investments, Inc., Altegris Portfolio Management, Inc., Altegris Clearing Solutions, LLC, and Altegris Futures, LLC, became wholly owned subsidiaries of Genworth Financial, Inc. Altegris Advisors serves as the investment advisor of the Altegris Managed Futures Strategy Fund ("Altegris advised fund").

GFWM requires that employees providing investment advice are required to have financial or analytical experience, and to have passed the Uniform Investment Adviser Law Examination (Series 65), and/or other relevant securities examinations. Members of GFWM's investment management ("IM" or "GFAM Division") department are generally required to have both a high school and college education or equivalent experience, analytical or portfolio management experience, and/or to have obtained the Chartered Financial Analyst (CFA) designation. IM personnel will also obtain licenses or credentials as required by various applicable state securities regulations.

The educational and professional experience of select members of GFWM's executive committee is set forth below:

Gurinder Singh Ahluwalia, born in 1965, is President and Chief Executive Officer of GFWM. Previously, he was Vice Chairman of GFWM and AssetMark Investment Services, Inc. and Director, Chairman of the Board, President and Chief Executive Officer of Genworth Financial Asset Management, Inc. Mr. Ahluwalia received a B.E. degree in 1987 from The Cooper Union, New York, New York, a B.S. degree in 1987 from New York University, and an M.S. degree in 1990 from New Jersey Institute of Technology.

Michael Joel Abelson, born in 1970, is Senior Vice President, Investments and Product Management of GFWM. Previously, he was Senior Vice President, Business Development for AssetMark Investment Services, Inc., and prior to that for Genworth Financial Asset Management from 2003 to 2006. Mr. Abelson received a Bachelor's Degree in Psychology in 1992 from California State University, Fresno and a M.B.A. in Investments in 1997 from the University of Southern California. He also earned his Chartered Financial Analyst designation in 2000.

Carrie Ellen Hansen, born in 1970, is Senior Vice President, Chief Operations Officer of GFWM, and President of the AssetMark Funds, Contra Fund and the Genworth Variable Insurance Trust. Previously, she was Senior Vice President and Chief Compliance Officer of AssetMark Investment Services, Inc. Ms. Hansen received a Bachelor's Degree in Business Administration in 1992 from the University of California, Berkeley, and is a Certified Public Accountant.

## III. PLATFORM OVERVIEW

### *Introduction*

To establish a Client's Account in the Platform, the Financial Advisory Firm and Client will enter into a Client Services Agreement. In establishing the Account, the Client may complete a questionnaire to enable the Client and the Financial Advisory Firm to identify more clearly the Client's risk tolerance and rate of return objectives in the context of the Platform, and will provide information concerning the Client's investment experience, anticipated need for liquidity, potential timing of the need for retirement funds, and other investment needs and parameters. This information will assist the Client and the Financial Advisory Firm in selecting which of the Risk/Return Profiles, is most closely aligned with the Client's investment goals.

### *Risk/Return Profiles*

One of the fundamental elements of the Platform is establishing the Client's appropriate Risk/Return Profile. These Profiles range from most conservative (lowest estimated risk and lowest potential return) to most aggressive (highest estimated risk and highest potential return).

The investment objectives for each of the six Risk/Return Profiles are listed below:

- *Profile 1 – Conservative*  
The profile is designed for an investor who wants to focus on preservation of capital as a primary goal and wishes to minimize downside risk.
- *Profile 2 – Moderate Conservative*  
The profile is designed for an investor who seeks to preserve capital but wishes to assume moderate downside risk in order to earn a return sufficient to preserve purchasing power.
- *Profile 3 – Moderate*  
The profile is designed for an investor who seeks to balance risk of loss to capital with capital appreciation.
- *Profile 4 – Moderate Growth*  
The profile is designed for an investor who seeks enhanced capital appreciation and is willing to accept greater risk of downside loss and volatility of returns.
- *Profile 5 – Growth*  
The profile is designed for an investor who seeks significant capital appreciation and is willing to accept a correspondingly greater risk of loss and volatility of returns.
- *Profile 6 – Maximum Growth*  
The profile is designed for an investor who seeks the highest level of capital appreciation and is willing to accept the correspondingly greater risk of loss and volatility of returns.

The percentage allocation to equity securities targeted for each Risk/Return Profile increases for each Profile from Conservative, which would include the lowest target allocation of equity securities, through Maximum Growth, which would include the highest target allocation of equity securities.

## ASSET ALLOCATION APPROACHES

The next element of establishing the Client's investment objective is to identify the Asset Allocation Approach. Some strategies within certain Investment Solutions, i.e. Altegris Strategies, and some Investment Solutions i.e. Individually Managed Accounts and Manager Select Accounts, are not categorized into any one of these approaches. The following four Asset Allocation Approaches are available.

- *Strategic Asset Allocation*
  - Seeks to optimize risk adjusted return while adhering to asset allocation parameters.
  - Relative market exposure and market performance will be important to return results.
- *Tactical Constrained Asset Allocation*
  - Seeks to optimize risk adjusted returns while adhering to asset allocation parameters and utilizing tactical deviations from the mix in efforts to add additional value.
  - Relative market exposure and market performance will be important to return results with further impact from tactical decision making.
- *Tactical Unconstrained Asset Allocation*
  - Seeks to optimize risk adjusted returns without regard to asset allocation parameters.

- Relative return exposure will vary over time and, as a result, the decisions made regarding the magnitude and types of asset class exposure taken over time will be important to return results, along with the performance of those asset classes.

- *Absolute Return Allocation*
  - Seeks to capture modest positive returns over time regardless of general market direction while managing broad market risk and correlation.
  - Active investment decisions made with regard to specific asset class exposures and security selections will be important to return results along with performance of the selected investments.

## Investment Solutions

GFWM makes a number of different Investment Solutions available to Clients through the Platform. These include a variety of asset allocations created by Portfolio Strategists, and comprised of (i) open-end mutual funds, (ii) Exchange Traded Funds (ETFs), which are baskets of securities, tracking a wide variety of market indexes, that are traded as individual securities on a national exchange, (iii) variable annuity sub-accounts with certain variable annuity issuers, and (iv) individual securities for Consolidated Managed Accounts.

Clients may be able to select from various Privately Managed Account Investment Solutions, including an Individual Managed Account ("IMA"), Manager Select Account ("MSA"), GFAM Principal Return Exposure Strategy ("PRX"), GFAM Preservation Strategy, GFAM Fixed Income Account, GFAM designed for use with LifeHarbor Income Certificate ("GFAM-LHIC" which is closed to new business), Consolidated Managed Account ("CMA"), or a Unified Managed Account ("UMA"). Each of these Investment Solutions is discussed in more detail in separate subsections below.

The mutual funds, ETFs, variable annuity sub-accounts, and variable annuity issuers available through the Platform, as well as the investment managers used in the IMA Accounts and the Portfolio Strategists and other investment management firms providing asset allocations and asset selections for Platform Investment Solutions, may be added or deleted from the Platform by GFWM from time to time. The Portfolio Strategists select and monitor the performance of the mutual funds, ETFs variable annuity sub-accounts and securities in their asset allocations and will periodically adjust and rebalance the asset allocations in accordance with their investment strategies. The Financial Advisory Firm reviews the Portfolio Strategists', investment managers' and investment management firms' decisions on behalf of the Client and makes or recommends investment decisions (depending upon the specific form of Client Services Agreement entered into between the Financial Advisory Firm and the Client) based on such analysis.

Additionally, the Client may establish an Account to hold "non-managed" assets (an "Administrative/Non-Managed Account"), including a Cash Alternative Account and a General Securities Account.

## Portfolio Strategists

GFWM establishes and will periodically review and confirm or adjust the guidelines provided to the institutional investment management firms, referred to as Portfolio Strategists ("Portfolio Strategists"), who create the asset allocations under each of the Risk/Return Profiles.

The Portfolio Strategists used in mutual fund, ETF, variable annuity and CMA Accounts are selected by GFWM in order to provide a wide range of investment options and philosophies to Financial Advisory Firms and their Clients. In constructing their asset allocations, each of the Portfolio Strategists will generally provide a range of asset allocations that will correspond to one or more of the four Asset Allocation Approaches and one or more of the six Risk/Return Profiles, ranging from "Conservative" to "Maximum Growth." The Portfolio Strategists use technical and/or fundamental analysis techniques in formulating their Asset Allocation Approaches and some will incorporate strategies with specific income distribution objectives. Although each of the Risk/Return Profiles includes asset allocations developed by several Portfolio Strategists, each of the Portfolio Strategists nevertheless has its own investment style resulting in the use of different asset class and mutual fund, ETF, variable annuity sub-account, or investment management firm allocations within their asset allocations. The Asset Allocation Approaches will be comprised of a combination of asset classes, represented by mutual funds, ETFs, variable annuity sub accounts, or individual securities in Accounts, and these asset classes may include, but are not limited to the following:

- US equities – Large Cap Growth, Large Cap Value, Mid Cap Growth, Mid Cap Value, Small Cap Growth, Small Cap Value
- International equities – Developed Markets, Emerging Markets
- Fixed Income – US Core, High Yield, Global, International, Emerging Markets
- Other – REITs, Commodities, Absolute Return Strategies, hedging strategies and other non-standard sectors
- Cash

The objective is to provide Clients with a variety of asset allocation methods for accomplishing the Client's investment objectives. The Clients and the Financial Advisory Firms must review each Portfolio Strategist's investment style prior to making the election of which Portfolio Strategist and Asset Allocation Approach to follow for each Client Account under the Platform.

Portfolio Strategists will provide GFWM with instructions to rebalance (return back to policy mix) and/or reallocate (change the target mix) portfolios, either periodically or as they deem appropriate over time, depending on their specific Asset Allocation Approach and investment process. These adjustments to the asset allocations will result in transactions in accounts which have directed that they be invested according to the respective asset allocations. In the Client Services Agreement, the Client or the Financial Advisory Firm (depending on whether the form of Agreement is Discretionary or Non-Discretionary) instructs and directs that the Client's account be invested in accordance with all adjustments and rebalancing of the asset allocations identified on the Account Set-Up Form unless and until the Client or Financial Advisory Firm expressly terminates the automatic adjustment and rebalancing and/or executes written instructions to change the Portfolio Strategist or asset allocations in which the account is invested. In this way, the Client's account will be automatically traded to track all adjustments and rebalancing by the Portfolio Strategists of the asset allocations currently reflected on the Account Setup Form unless and until the Client or Financial Advisory Firm (depending on the authority in the Client's Agreement) instructs otherwise. Client will receive notification of all transactions implemented in the account in compliance with the foregoing instructions on a periodic basis in the form of an account statement to be provided by the account Custodian.

GFWM may from time to time add or remove a Portfolio Strategist from those it makes available on the Platform. As the Portfolio Strategists or GFWM recognize other mutual funds, ETFs and investment management firms suitable for the Platform, GFWM may periodically add mutual funds, ETFs and investment management firms to those available for use in the Portfolio Strategists' asset allocations, and GFWM may periodically remove mutual funds, ETFs and investment management firms from the list of those available through the Platform. Variable annuity sub-accounts available to the Portfolio Strategists will depend upon the individual variable annuity issuer selected by the Client and will be more fully described in the Prospectus delivered to the Client by the variable annuity issuer.

Although most of the Portfolio Strategists creating asset allocations composed of mutual funds consider all of the mutual funds available under the Platform in designing their asset allocations, certain Portfolio Strategists compose their mutual fund asset allocations utilizing only those mutual funds managed by affiliates of the Portfolio Strategist. These "proprietary" Portfolio Strategists will be identified in the descriptive materials provided to Clients and Financial Advisory Firms. In addition, one or more of the Portfolio Strategists will construct their asset allocations using funds managed by GFWM or an affiliate, including the AssetMark Funds and Altegris advised funds. Altegris utilizes mutual funds that they also advise. GFWM and Altegris advised mutual funds are collectively known as "Proprietary/Affiliated Funds." The AssetMark Funds are a series of no-load mutual funds advised by GFWM and sub-advised by a group of unaffiliated institutional investment managers. A Prospectus for the AssetMark Funds may be obtained upon request from the Financial Advisory Firm or Capital Brokerage Corporation ("CBC"), the Funds' distributor.

GFWM provides the Financial Advisory Firm, who then provides the Client, written descriptions of each of the Portfolio Strategists, including a brief history of each firm and an overview of the Portfolio Strategists' key investment management personnel. The Client and Financial Advisory Firm may select more than one Portfolio Strategist and/or asset allocation for the Client's Accounts, and, as noted above, the Client and Financial Advisory Firm are free to change Portfolio Strategists, asset allocations or the mutual fund, ETF or variable annuity sub-account components of their Portfolios from time to time, though any change by a Client in the components of a specific asset allocation used for a Client's Account will result in a custom portfolio for that Account which would no longer be automatically rebalanced along with the Portfolio Strategist's rebalancing of its asset allocation. The Client is free to consult with the Financial Advisory Firm at any time concerning the portfolio, and GFWM is available to consult with Clients and Financial Advisory Firms concerning the administration of the Platform. It is not anticipated that Clients or Financial Advisory Firms will have the opportunity to consult directly with the Portfolio Strategists concerning their asset allocation Strategies, although the Financial Advisory Firms will be provided with information concerning such Strategies and any updates or revisions to such information.

#### *Management of the Client's Account*

The Financial Advisory Firm provides the specific advice to the Client concerning the Client's investment Strategy for each Account, including the Investment Solution, the Portfolio Strategist(s), the particular Asset Allocation Approach or sub-strategy to be chosen for the Client, and the Client's appropriate Risk/Return Profile. The Financial Advisory Firm will also advise Clients in Individually Managed Accounts on the Investment Managers to be selected for the Client's Account. The Financial Advisory Firm and/or the client (depending upon the specific form of Client Services Agreement entered into between the

Financial Advisory Firm and the Client) retains discretion to choose the Portfolio Strategist(s), the asset allocation(s) and the Investment Managers selected as the components of the Strategy for the Client's Accounts, and will have the opportunity periodically to change the Strategy or its components, including the Investment Solution, the choice of Portfolio Strategist(s), the particular asset allocation(s) or sub strategies, the Risk/Return Profile, or the Investment Managers selected for the Accounts.

GFWM has identified a broad range of mutual funds for the Portfolio Strategists to use in the mutual fund asset allocations, and provides the Portfolio Strategists access to a broad range of ETFs for use in the ETF asset allocations. Each of the variable annuity issuers has established various sub-accounts as more fully described in its variable annuity Prospectus. In addition, GFWM has identified certain investment management firms to provide securities recommendations to be used in CMA asset allocations. Each of the mutual funds is either a no-load mutual fund or a mutual fund that may be purchased through the Platform at net asset value and without sales charges. Variable annuity accounts are subject to the terms and conditions of the Prospectus delivered to the Client by the variable annuity issuer, and may or may not involve the payment of a commission to the Financial Advisory Firm or a related party by the variable annuity issuer. The Financial Advisory Firm will seek to tailor the Client's Strategy to the Client's individual needs. Information concerning the Investment Solutions, the Portfolio Strategists participating in the Platform, and the mutual funds, ETFs, variable annuity sub-accounts and the CMA investment management firms used in the Portfolio Strategists' asset allocations is provided to the Financial Advisory Firm and updated periodically.

Clients are provided with periodic custodial reports from a custodian and GFWM provides the Financial Advisory Firms with quarterly performance reports for each of their Client's Accounts. The periodic custodial reports include a listing of all investments in the Client's account, their current valuation, and a listing of all transactions occurring during the period. The quarterly performance reports include information concerning the allocation of the assets in each Client Account among various asset classes and the investment performance of the Client's Account during the quarter.

#### **IV. MUTUAL FUND, EXCHANGE TRADED FUND (ETF) AND VARIABLE ANNUITY ACCOUNTS**

GFWM has developed relationships with a group of mutual fund families, through its Custodian partners, representing a variety of mutual funds to be used as the vehicles for implementing the Portfolio Strategists' asset allocations. This group of mutual funds includes both no-load mutual funds (that is funds which do not include a sales load) and mutual funds that generally do charge a sales load, but which are available through the Platform at each fund's net asset value and without any sales charge. The mutual funds available provide the Portfolio Strategists with a diversified range of asset classes and investment objectives from which to select in structuring their asset allocation strategies. The fund families will be made available for use by the Portfolio Strategists based on a number of criteria, and fund families may be added or removed from the Platform by GFWM from time to time.

In the Mutual Fund Investment Solution, all four Asset Allocation Approaches, Strategic Asset Allocation, Tactical Constrained Asset Allocation, Tactical Unconstrained Asset Allocation and Absolute Return Allocation Approaches, are available. For Strategic Asset Allocation, Tactical Constrained Asset Allocation Approaches and

Tactical Unconstrained Asset Allocation, the Client may choose an Investment Solution that invests in shares of 1. Proprietary/Affiliated Funds, advised by GFWM or an affiliate; or 2) third-party mutual funds, not advised by GFWM. Third party mutual fund solutions may also include an allocation to Proprietary/Affiliated funds selected by the Portfolio Strategist. For the Absolute Return Allocation Approach, only third-party mutual fund options are available.

In the ETF Investment Solution, Strategic Asset Allocation, Tactical Constrained Asset Allocation, Tactical Unconstrained Asset Allocation and Absolute Return Allocation Approaches are available.

In the Variable Annuity Investment Solutions, through its GFAM division, GFWM's investment of the Account will be consistent with a Tactical Constrained Asset Allocation approach only.

For a Mutual Fund and ETF Investment Solution, the Client, with the assistance of the Financial Advisory Firm, selects for the management of the Account: (1) a Risk/Return Profile; (2) an Asset Allocation Approach, as represented by the selected Portfolio Strategist; and (3) for some, but not all, Mutual Fund and ETF Investment solutions, a Mandate. For certain mutual fund strategies where Altegris is the Portfolio Strategist, an asset allocation approach is not selected.

For the Variable Annuity Investment Solution, the client, with the assistance of the Financial Advisory Firm, selects for the management of the Account: (1) a Risk/Return Profile; and (2) an Asset Allocation Approach, as represented by the selected Portfolio Strategist.

GFWM has also developed an administrative structure allowing for the development of portfolios using ETFs, which are traded daily at market determined prices on a national exchange in a similar manner to other individual equity securities. Although ETFs are priced intra-day in the same manner as other equity securities, GFWM directs trades for ETFs to the Custodian selected by the Client and the Financial Advisory Firm once daily. The actual timing of trade order execution may vary, depending upon trade volume, systems limitations and issues beyond GFWM's control. In any case, all ETF trades for a given day are placed at the same time in order to provide the most feasibly equivalent execution for all participating clients. With respect to ETF Accounts which may include ETFs for which it may be impracticable to execute transactions in a single day in response to a Portfolio Strategist's adjustments and rebalancing of its ETF asset allocation model, the Client also hereby instructs, authorizes and directs that such Accounts be traded in accordance with instructions on timing and price levels given by GFWM to the Custodian, which GFWM may obtain from the Portfolio Strategist to the extent practicable or, in the case of exceptionally high volume requests, in accordance with instructions provided by GFWM to an alternate broker or "authorized participant" liquidity provider selected by GFWM with the instruction to provide liquidity on a net fee basis

In addition, to the extent possible, GFWM accommodates same day trading recommendations from Portfolio Strategists. These changes are implemented for all client accounts with no current trading due to client-directed activity. Those accounts that were traded for client directed activity will be traded the next day to realign with the trading recommendations provided by the Portfolio Strategist the prior day.

Clients establishing variable annuity accounts in the Platform have the opportunity to select asset allocations developed by GFAM as the Portfolio Strategist. The allocations use those specific variable annuity sub-accounts included in the Prospectus delivered to the Client by the variable annuity issuer. GFWM has not individually selected these sub-



accounts, and GFWM is unable to add or remove sub-accounts except as the list of sub-accounts is revised by each variable annuity issuer.

All mutual funds and ETFs purchased for the Client's Portfolio are held by a Custodian selected by the Client and the Financial Advisory Firm. Each of the Client's investments is held by the Custodian in the Client's name in a separate account. The Client is entitled to receive a copy of the Prospectus for each mutual fund, and confirmations of each security purchased and sold for the Client's account (either separately or as part of the periodic custodial statement) and copies of all annual and periodic reports issued by the mutual funds the client holds, and the Client may be able to delegate receipt of such materials and confirmations to a third party, such as the Client's Financial Advisory Firm, depending on the terms of the custody agreement with the Client's Custodian. In addition, the Client retains all indicia of beneficial ownership, including, without limitation, all voting power and other rights as a security holder in each of the funds held for the Client. Variable annuity sub-accounts will be held pursuant to the terms and conditions contained in a variable annuity Prospectus delivered to the Client by the specific variable annuity issuer.

Upon any portfolio rebalancing by a Portfolio Strategist, change in Portfolio Strategist or asset allocation selection by the Client or Financial Advisory Firm, or any other transaction in the Client's Account, the transactions will be effected automatically through software administered by GFWM.

The standard minimum investment through the Platform will generally be \$25,000-50,000 for mutual fund and variable annuity Accounts, and \$100,000 for ETF accounts. GFWM reserves the right, in its sole judgment, to accept certain investments below the standard minimum.

## V. PRIVATELY MANAGED ACCOUNTS

A Privately Managed Account can be established as an Individual Managed Account ("IMA"), Manager Select Account ("MSA"), GFAM Principal Return Exposure Strategy ("PRX"), GFAM Preservation Strategy, GFAM Fixed Income Account, a Consolidated Managed Account ("CMA"), or a Unified Managed Account ("UMA").

### *Individual Managed Account ("IMA")*

GFWM has contracted with a number of institutional investment management firms (the "Investment Managers") to provide discretionary investment management services to IMA Clients in accordance with the stated investment objectives of each Investment Manager and the individual objectives of each Client. GFWM has contracted with certain consulting firms to provide services for IMAs with respect to the selection and/or on-going monitoring of certain Investment Managers.

Each Client designates, with the assistance of the Financial Advisory Firm and based on the Client's individual investment objectives, one or more individual Investment Manager(s) and/or a selection of Mutual Funds to comprise the Client's IMA. The standard minimum IMA investment per Investment Manager is generally between \$100,000 and \$250,000, and will depend on the Custodian and Investment Manager(s) selected for the Account. Certain Investment Managers may require minimum investments greater than \$250,000 and the Investment Managers, in their sole judgment may accept investments below the standard minimum. With the exception of IMA Accounts managed by Rochdale Investment Management, LLC, there are no Asset Allocation Approaches or separate Risk/Return

Profiles available for an IMA Account. IMA Accounts managed by Rochdale are available in the Tactical Unconstrained Asset Allocation Approach and the six Risk/Return Profiles, as described above under Risk/Return Profiles.

### *Manager Select Account ("MSA")*

For the MSA Investment Solution, GFWM has contracted with an "Overlay Manager" to act as the Investment Manager (or Discretionary Manager) for Client Accounts. The Overlay Manager shall provide discretionary investment management services to the Account, and the Client grants the Overlay Manager the authority to buy and sell securities and investments for the Account, to vote proxies for securities held by the Account and such other discretionary authorities. GFWM has also contracted with an Investment Management Firm to provide recommendations for a specific asset class. The Overlay Manager shall generally invest the Account consistent with these recommendations unless circumstances indicate that modified allocations or investment are appropriate. GFWM may replace the Overlay Manager and Investment Manager Firm at its discretion.

For an MSA Investment Solution, the Client, with the assistance of their Financial Advisor, shall select a Strategy, which shall be an asset class, represented by a single Investment Management Firm. There are no Asset Allocation Approaches or separate Risk/Return Profiles available for an MSA Account.

*GFAM Principal Return Exposure Strategy ("PRX"), GFAM Preservation Strategy, GFAM Fixed Income Accounts and GFAM Strategies Designed for use with LifeHarbor Income Certificate ("GFAM-LHIC").*

GFWM, through its Genworth Financial Asset Management Division ("GFAM Division"), will serve as Investment Manager and provide discretionary investment management services for Clients invested in GFAM Principal Return Exposure Strategy ("PRX"), GFAM Preservation Strategy, GFAM Fixed Income Strategies and GFAM Strategies designed for use with LifeHarbor Income Certificate ("GFAM-LHIC"). A GFAM Disclosure Brochure, which includes more detailed information about Investment Solutions offered through GFWM's GFAM Division, will be provided to each Client.

**Principal Return Exposure ("PRX") Strategy** – The objective of the PRX Strategy is to offer clients a degree of participation in the growth of global equity markets while protecting their original principal investment. In pursuit of this objective GFAM will invest in Equity-Linked Certificates of Deposit (ELCDs). The ELCDs purchased will be those issued by well-known commercial banks, and only those eligible for FDIC insurance protection will be considered for client portfolios. The ELCD's will require a medium-term commitment by the client (typically five years), and will have a guarantee of return of principal at the end of the commitment. The ELCDs will also pay a lump-sum income payment at the end of the commitment, proportional to the amount of growth in global equity markets over the commitment period. Withdrawal of assets by the client prior to the end of the ELCD maturity may result in loss of principal. The PRX Strategy follows an Absolute Return Allocation Approach and is considered to be Risk/Return Profile 2.

**Preservation Strategy** – This Strategy's primary investment objective is to minimize losses measured over the calendar year. Intra-year volatility is not managed. The secondary objective is to maximize total return over the long term with no preference to income. This strategy may invest in, among other things, "opportunistic" or "specialized"

asset categories, which may include real estate, commodities, precious metals, energy and other less traditional asset classes, with no geographic restrictions, the Altegris advised fund, and the Genworth Financial Contra Fund, which is advised by GFWM. The Contra Fund seeks to provide protection against severe and sustained declines in the broad based equity markets, and it generally invests in options on stock indices. The GFAM Preservation Strategy follows an Absolute Return Allocation Approach and is considered to be Risk/Return Profile 1.

**Fixed-Income Strategies with Laddered Bond, Municipal based, Duration based and High Yield Mandates** – In the case of Laddered Bond Mandates, these Strategies invest the Account in either U.S. Treasury, U.S. Agency, or U.S. Treasury Inflation Protected bonds, with an intermediate effective duration, on a buy and hold basis. In the case of the Municipal and Duration based Mandates and the High Yield Mandate, these Strategies invest the Account in closed-end funds, exchange traded funds or other mutual funds to obtain relevant exposure specific to these desired asset categories. There are no Asset Allocation Approaches or separate Risk/Return Profiles available for a GFAM Fixed Income Account.

**GFAM Solutions Designed For Use With LifeHarbor Income Certificate (“GFAM-LHIC”)** – The primary objective of these Strategies is to seek capital appreciation through tactical asset allocation across domestic and international equity and fixed income markets, through the use of ETFs and mutual funds. The Client shall select a Mandate for the management of their Account and a Risk/Return Profile 3 or 4. There are no Asset Allocation Approaches designated for this Investment Solution. For more information regarding the LifeHarbor Series, please refer to the LifeHarbor Series Prospectus and Statement of Additional Information.

For strategies in which GFAM is the Investment Manager, the minimum investment is \$50,000. The maximum investment for a GFAM PRX Account is \$250,000.

This strategy is closed for new business.

#### *Consolidated Managed Account (“CMA”)*

For CMAs, GFWM has contracted with Parametric Portfolio Associates (“Parametric”) to act in the capacity of an overlay manager (an “Overlay Manager”), wherein Parametric provides limited discretionary investment management services to Clients and coordinates the management of individual CMA asset allocations. The CMA asset allocations have been constructed by Portfolio Strategists engaged by GFWM using individual securities recommendations developed and maintained by a group of independent investment management firms (the “Investment Management Firms”). The Overlay Manager will have the limited discretionary authority to execute transactions in each CMA necessary to (i) track any reallocations or other adjustments to the CMA asset allocations constructed by the Portfolio Strategists, (ii) implement changes recommended by the Investment Management Firms; (iii) effect tax management transactions for any Account for which the Client has directed the Overlay Manager to provide tax management services (a “Tax-Sensitive Account”); and (iv) implement any individual securities restrictions imposed on the Account by the Client. In addition, the Client, with the assistance of their Financial Advisory Firm, will select a “Mandate” from a range of choices. GFWM has contracted with certain consulting firms to provide services for CMAs with respect to the selection and on-going monitoring of the Investment Management Firms.

Each client selects an Asset Allocation Approach, with the assistance of the Financial Advisory Firm based on the Client’s individual investment objectives, and designates Parametric as the Overlay Manager to oversee the implementation and management of the asset allocation including the allocation of assets into a number of model accounts developed and maintained by the Investment Management Firms. The standard minimum CMA investment generally is \$500,000. GFWM reserves the right, in its sole judgment, to accept certain investments below these standard minimums.

#### *Unified Managed Account (“UMA”)*

GFWM, through its Genworth Financial Asset Management Division (“GFAM”), is designated by the Client as the Overlay Manager for UMAs to provide discretionary investment management services to the Client and coordinate the management of advisory services based on specific investment objectives and strategies using a group of independent Investment Management Firms acting as portfolio advisers. As Overlay Manager for UMAs, GFAM will also select other securities directly for Client accounts.

The standard minimum UMA investment, depending on the strategy selected, is between \$50,000 and \$500,000. GFWM reserves the right, in its sole judgment, to accept certain investments below these standard minimums.

As part of the UMA Discretionary Manager Designation, Client will direct the Overlay Manager to invest the Client’s Account in accordance with a strategy offered by GFAM. UMA Investment Solutions include Genworth Multiple Strategy (GMS), Tailored Privately Managed Portfolio (PMP), and Active Return Opportunities (ARO). Investments by GFAM will be made using securities recommendations by individual Investment Management Firms and, in addition, investment selections by GFAM that include, but are not limited to, some or all of the following types of securities: exchange traded funds, closed-end funds, open-end funds, preferred stocks, treasury bonds, bills, notes and bank notes. The mutual fund investment may include the Altegris Advised Fund and the Genworth Financial Contra Fund, which is advised by GFWM. The Contra Fund seeks to provide protection against declines in the broad based equity markets, and it generally invests in options on stock indices. The asset allocation decisions, Investment Management Firm selection decisions and additional security selection decisions will all be made solely by GFAM in its discretion based on the strategies and objectives selected by the Client. This discretion may include the substitution of certain securities included in selected Investment Management Firms’ asset allocations in consultation with the Investment Management Firm or otherwise.

For each UMA, risk management solutions may be implemented through the use of fixed income strategies or GFAM’s Actively Managed Protection Service (“AMP”). Portfolio allocations will vary based on individual Client objectives within target allocations established and monitored by GFAM.

Set forth below are brief summaries of the GMS, PMP and ARO UMA strategies offered under the Platform. The GFAM Disclosure section includes more detailed information about Investment Solutions offered through GFWM’s GFAM Division and the Actively Managed Protection Service.

**GMS** – For a GMS Investment Solution, the Client, with the assistance of their Financial Advisory Firm, will select a “Mandate” from a range of choices, a Risk/Return Profile and the type of risk management strategy for the management of their Account. In the GMS Investment Solution,

the Client authorizes GFAM to provide discretionary investment management services to the Account. GFAM may invest the Account, to a substantial degree, consistent with recommendations provided by Investment Management Firms. GFWM may also invest portions of the Account in pooled investment vehicles, such as mutual funds or ETFs, or in other securities or investments. GFWM will generally not adjust the holdings in a GMS Account on an ongoing basis. Instead, unless a security exceeds a threshold decline determined by GFWM in its discretion, GFWM will generally only sell or readjust Account holdings after a one-year holding period for each position taken for all GMS Accounts, though during the first year of an individual Client's holding a GMS Account, the holding period for that Client's Account will be less than a full year.

**PMP** – For a PMP Investment Solution, the Client, with the assistance of their Financial Advisory Firm, will select a Mandate, a Risk/Return Profile and the type of risk management strategy for the management of their Account.

In the PMP Investment Solution, the Client authorizes GFAM to provide discretionary investment management services to the Account. GFAM may invest the Account, to a substantial degree, consistent with recommendations provided by Investment Management Firms. GFAM will generally adjust the holdings in a PMP Account on an ongoing basis.

**ARO** – For an ARO Investment Solution, the Client, with the assistance of their Financial Advisory Firm, will select a Mandate and a Risk/Return Profile for the management of their Account.

In the ARO Investment Solution, the Client authorizes GFAM to provide discretionary investment management services to the Account. GFAM may invest the Account, to a substantial degree, consistent with recommendations provided by Investment Management Firm, or GFAM may invest the Account in pooled investment vehicles, such as mutual funds or ETFs, or in other securities or investments. GFAM will generally adjust the holdings in an ARO Account on an ongoing basis. If the Account is a taxable account, the Account will be managed with a loss-harvesting objective and, at GFAM's sole discretion, Account assets may be sold to realize capital value losses.

All of the ARO Mandates allow for the Account to be exposed to "opportunistic" or "specialized" asset categories, which may include real estate, commodities, precious metals, energy and other less traditional asset classes, with no geographic restrictions.

*Management of Privately Managed Accounts:*

The Investment Managers managing IMAs, MSAs, and the Overlay Managers managing CMAs and UMAs are referred to collectively as the "Discretionary Managers" for these Privately Managed Accounts.

GFWM (in UMAs) and certain Portfolio Strategists (in CMAs) may elect to incorporate a limited number of mutual funds in certain asset class allocations where they have determined that mutual funds are a more appropriate investment vehicle than using individual Investment Managers or the asset selections by Investment Management Firms. These funds may include both no-load mutual funds (that is funds which do not include a sales load) and mutual funds which generally do charge a sales load, but which are available through the Platform at the fund's net asset value and without any sales charge, and may also include the use of the Altegris advised Fund and the Contra Fund, discussed above. Proprietary/Affiliated Funds or other third-party funds or ETFs may also be utilized in CMAs for situations in which a

Client's assets do not meet the required minimums of an Investment Manager for certain asset classes.

Each Investment Manager and Investment Management Firm has been selected by GFWM for the Platform to provide investment management services based on one or more specific investment objectives, which are outlined in the Manager Profile for each Investment Manager and Investment Management Firm. For example, certain Investment Managers and Investment Management Firms have been selected to manage U.S. Large Capitalization stocks, while others have been selected to manage International stocks. The Asset Allocations approaches developed by Portfolio Strategists will typically consist of a combination of several Investment Managers/ Investment Management Firms (and, in certain cases, mutual funds) representing a number of asset classes, which can include, but are not limited to, U.S. Fixed Income, International Fixed Income, U.S. Large Capitalization and Small/Mid Capitalization stocks, International stocks, Emerging Markets stocks, and Real Estate Investment Trusts (REITs).

All investments are held in custody by a Custodian who maintains the Client's custodial account and effects transactions at the direction of the Client and the Discretionary Manager(s) designated by the Client. Client is responsible for paying the Custodian directly for all expenses related to effecting transactions in the account, pursuant to a separate agreement executed between Client and the Custodian.

Each of the Client's investments is held by the Custodian in the Client's name. Clients will receive confirmations of each security purchased and sold for the Client's account (either separately or as part of the periodic custodial statement). Clients are entitled to receive copies of any materials distributed by the issuers of such securities to all beneficial owners of their securities, as well as the Prospectus and all annual and periodic reports issued by any mutual funds that the Client holds. In addition, the Client retains all indicia of beneficial ownership, including, without limitation, all voting power and other rights as a security holder in each of the securities and funds held for the Client. However, the Client may delegate the right to receive prospectuses and shareholder materials, and to vote proxies on behalf of the Client, to the Discretionary Managers selected by the Client. The Discretionary Manager Designations executed in connection with opening of any Privately Managed Account will include such delegation unless the Client otherwise directs in writing. Client has the opportunity to consult jointly with the Financial Advisory Firm and the Discretionary Managers concerning the individual management of their account.

**VI. COMPENSATION**

Clients participating in the Platform pay the Financial Advisory Firm an overall Advisory Fee that includes a Platform Fee for participation in the Platform. Clients invested in third-party IMA and UMA Investment Solutions may also pay an Investment Manager fee directly to the Investment Manager(s) that the Client designates to manage Client's Account. The full investment Advisory Fee, any initial consulting fee payable upon opening an Account or upon any additional investment in an Account, and any additional Investment Manager fee payable for a Client's Account will be set forth in the Client Billing Authorization executed with the Client Services Agreement between the Client and Financial Advisory Firm. GFWM's standard Platform Fees and other fee arrangements for each Investment Solution are described below.

The Financial Advisory Firm negotiates and contracts with the Client for an overall Advisory Fee as the Client's fee for participation in the Platform. This Advisory Fee is typically expressed as an annual



**GFWM Platform Fee Schedules****Mutual Fund, ETFs & Variable Annuity Accounts<sup>1,2</sup>**

| Account Asset Level         | Proprietary/<br>Affiliated<br>Mutual Funds | Third-Party<br>Mutual Funds | ETF Accounts<br>Strategic<br>& Tactical<br>Constrained | ETF Accounts<br>Tactical<br>Unconstrained | Variable<br>Annuity Accounts |
|-----------------------------|--|-----------------------------|--|---|------------------------------|
| First \$ 250,000            | 0.00%                                      | 0.45%                       | 0.45%  | 0.65%                                     | 0.65%                        |
| \$ 250,000 - \$ 500,000     | 0.00%                                      | 0.40%                       | 0.45%  | 0.60%                                     | 0.60%                        |
| \$ 500,000 - \$ 1,000,000   | 0.00%                                      | 0.35%                       | 0.45%  | 0.55%                                     | 0.55%                        |
| \$ 1,000,000 - \$ 2,000,000 | 0.00%                                      | 0.30%                       | 0.40%  | 0.50%                                     | 0.50%                        |
| \$ 2,000,000 - \$3,000,000  | 0.00%                                      | 0.20%                       | 0.40%  | 0.40%                                     | 0.40%                        |
| \$ 3,000,000 - \$ 5,000,000 | 0.00%                                      | 0.20%                       | 0.35%  | 0.40%                                     | 0.40%                        |
| Over \$ 5,000,000           | 0.00%                                      | 0.20%                       | 0.25%  | 0.40%                                     | 0.40%                        |

**Privately Managed Accounts**

| Account Asset Level         | IMA <sup>1,3</sup><br>GFAM-LHIC <sup>4</sup> | GFAM<br>Preservation <sup>4</sup> | GFAM Fixed<br>Income & PRX <sup>4</sup> | CMA <sup>1,4</sup> | Manager Select <sup>4</sup> |
|-----------------------------|--|-----------------------------------|---|--------------------|-----------------------------|
| First \$ 250,000            | 0.45%  | 0.75%                             | 0.45%                                   | 0.80%              | 0.90%                       |
| \$ 250,000 - \$ 500,000     | 0.45%  | 0.50%                             | 0.45%                                   | 0.80%              | 0.90%                       |
| \$ 500,000 - \$ 1,000,000   | 0.45%  | 0.50%                             | 0.35%                                   | 0.80%              | 0.90%                       |
| \$ 1,000,000 - \$ 2,000,000 | 0.40%  | 0.45%                             | 0.25%                                   | 0.75%              | 0.85%                       |
| \$ 2,000,000 - \$3,000,000  | 0.40%  | 0.45%                             | 0.25%                                   | 0.75%              | 0.85%                       |
| \$ 3,000,000 - \$ 5,000,000 | 0.35%  | 0.40%                             | 0.25%                                   | 0.70%              | 0.80%                       |
| Over \$ 5,000,000           | 0.25%  | 0.30%                             | 0.20%                                   | 0.65%              | 0.75%                       |

<sup>1</sup> In addition to the rates described in the above tables, an additional fee of up to 0.10% annually may be deducted from Client Account assets and paid certain Financial Advisory Firms, if the Account is invested in a Mutual Fund, ETF, Distribution Strategies, Variable Annuity, Manager Select, Third-Party IMA or CMA Investment Solution.

<sup>2</sup> 0.15% is added to the standard Platform Fee for mutual fund and ETF Accounts maintained at Charles Schwab. Platform fees are waived for Investment Solutions comprised of the Proprietary/Affiliated Funds.

<sup>3</sup> Third-Party Investment Manager Fee may apply.

<sup>4</sup> Investment Manager Fee does not apply.

**UMA Accounts<sup>5</sup>**

| Asset Level                 | GMS I | GMS II <sup>6</sup> | ARO 50 | ARO 100 | ARO 250<br>ARO 500<br>PMP I | PMP II <sup>6</sup> |
|-----------------------------|-------|---------------------|--------|---------|-----------------------------|---------------------|
| \$0 to \$100,000            | 0.75% | 0.40%               | 0.75%  | 0.65%   | 0.85%                       | 0.45%               |
| \$100,000 to \$250,000      | 0.55% | 0.25%               | 0.75%  | 0.65%   | 0.85%                       | 0.45%               |
| \$ 250,000 - \$ 500,000     | 0.45% | 0.20%               | 0.45%  | 0.45%   | 0.85%                       | 0.45%               |
| \$ 500,000 - \$ 1,000,000   | 0.40% | 0.15%               | 0.40%  | 0.40%   | 0.70%                       | 0.35%               |
| \$ 1,000,000 - \$ 2,000,000 | 0.40% | 0.10%               | 0.40%  | 0.40%   | 0.47%                       | 0.15%               |
| \$ 2,000,000 - \$3,000,000  | 0.40% | 0.10%               | 0.40%  | 0.40%   | 0.47%                       | 0.15%               |
| \$ 3,000,000 - \$ 5,000,000 | 0.40% | 0.10%               | 0.40%  | 0.40%   | 0.47%                       | 0.15%               |
| Over \$ 5,000,000           | 0.25% | 0.00%               | 0.25%  | 0.25%   | 0.25%                       | 0.00%               |

<sup>5</sup> In addition to the Platform fee shown above, there is a flat 0.60% Investment Manager Fee for UMA accounts.

<sup>6</sup> The GMS II and PMP II fees are only applicable to Risk/Return Profile 3 - Moderate using Fixed Income.

## Platform Disclosure Brochure

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**This must remain with the Client**

(continued from page 7)

amount equal to a percentage of assets under management, and may also include an initial consulting fee. The Platform Fee, included as part of the overall Advisory Fee paid to the Financial Advisory Firm, will be re-allowed by the Financial Advisory Firm to GFWM and others. The Platform Fee schedules listed below reflect GFWM's standard Platform Fee calculated as a percentage of the Client's assets invested in the Platform.

The Platform Fee may be higher for certain Financial Advisory Firms based on any amounts payable to broker-dealers with supervisory responsibility over the Financial Advisory Firm. In such cases, the standard Platform Fee payable by the Financial Advisory Firm may be increased and a portion of the Platform Fee otherwise payable to

GFWM is paid to the broker-dealers as compensation for supervisory services provided to the Financial Advisory Firm in connection with the Platform. The Financial Advisory Firm may also pay GFWM a

Quarterly Maintenance Fee in consideration of GFWM's performance of services in establishing the Financial Advisory Firm's participation in the Platform and providing continuing Platform support services. In addition, a portion of the Platform Fee may be paid as compensation to the Portfolio Strategists based on the assets invested in their respective asset allocations, as well as to the Overlay Manager and Investment Management Firms for services in connection with Manager Select, CMAs and UMAs.

### *Initial Consulting Fee*

An Account invested in any of the above listed Investment Solutions and custodied at GFTC, may be assessed an Initial Consulting Fee ("ICF"), payable to the Financial Advisory Firm, of up to one percent (1.00%) of any cash deposit or in-kind investment transfer of \$2,000 or more.

### *Administrative Fee for Administrative/Non-Managed Accounts*

The Client may establish an Account to hold "non-managed" assets (an "Administrative/Non-Managed Account"), and such Account may include a Cash Alternative Account or General Securities Account.

An Administrative/Non-Managed Account is provided as an administrative convenience for the Client. Assets in an Administrative/Non-Managed Account are not managed or advised by GFWM, and GFWM is not responsible for their investment or management. However, the assets of an Administrative/Non-Managed Account will be included in periodic GFWM reports to the Client. The Client will be solely responsible for directing the investments in the Non-Managed Account. Non-Managed assets are subject to the terms of the Client's agreement with their selected Custodian.

### *Cash Alternative Account*

In the Cash Alternative Account, the Client may select among options available at their selected Custodian, which may include investments in a Money Market Fund or the Custodian's cash sweep vehicle.

### *General Securities Account*

In the General Securities Account, the Client may move to the Account those equity or fixed-income securities acceptable to their selected Custodian. No securities may be purchased in this Account. The Client will be solely responsible for directing the sale of investments in the Account. Administrative Fees will not be charged against the assets

of a General Securities Account. Any Administrative Fee or other fees payable shall be charged to another Account established under this Agreement or directly to a bank account via the Automated Clearing House (ACH) process, if available.

Cash Alternative and General Securities Accounts will be charged the following Administrative Fee:

### **Administrative Fee for Administrative/ Non-Managed Accounts**

| <b>Account Asset Level</b> | <b>Cash Alternative and General Securities Accounts</b> |
|----------------------------|---|
| First \$ 250,000           | 0.25%   |
| \$ 250,000 - \$ 500,000    | 0.15%   |
| Over \$500,000             | 0.10%   |

### *Mutual Fund Accounts*

In the event that the Client's Account is invested in certain Portfolio Strategists' asset allocations comprised primarily of the AssetMark Funds, GFWM and CBC will receive compensation as the Investment Advisor and Distributor, respectively, for the AssetMark Funds, as more fully outlined in the Prospectus for the AssetMark Funds, a copy of which will be provided to each Client invested in such asset allocations and which may otherwise be obtained by request from the Financial Advisory Firm or CBC. Because of this separate compensation from the AssetMark Funds, GFWM waives the standard Platform Fee charged to the Financial Advisory Firm for assets invested in the AssetMark Funds. Certain mutual funds selected for Client Accounts may include Proprietary/Affiliated Funds and the Genworth Financial Contra Fund from which GFWM or its affiliates may receive additional compensation as described here in addition to fees paid to GFWM under this Agreement. GFWM may receive management and other fees for both its management of these funds as well as the Client Account.

### *Privately Managed Accounts*

Third-party IMAs: Each of the Investment Managers may charge a separate Investment Manager Fee directly to the Client, calculated as a percentage of the total assets managed by the Investment Manager, which is in addition to the overall investment Advisory Fee negotiated between the Client and the Financial Advisory Firm. The fee charged by each Investment Manager is specified on the individual Discretionary Manager Designation incorporated in the Client Services Agreement and executed by the Client. Fees will vary from Investment Manager to Investment Manager; a complete list of fee schedules of the Investment Managers participating in the Platform is available from the Financial Advisory Firm by request.

CMAs, Manager Select and UMAs: The Platform Fee for Consolidated Managed Accounts and Unified Managed Accounts includes all fees paid by GFWM to Parametric for its services as the Overlay Manager for CMAs and Manager Select, and all compensation to GFAM as the Overlay Manager for UMAs. It also includes all fees paid to the Portfolio Strategists and to Investment Management Firms for their asset allocations and asset selections.

### *Service Fees Received by GFWM*

The Account Custodians typically receive a shareholder servicing and/or similar fees from mutual funds and/or service providers to the funds held by the Client Accounts. This compensation generally

ranges from 0.25% to 0.40% per annum of the amount invested through the Platform in the mutual funds. The Custodians may also receive similar fees with respect to Exchange Traded Fund (ETF) investments. Generally, fees received by Custodians are lower for asset allocations using a greater proportion of ETFs compared to asset allocations using a high proportion of mutual funds.

GFWM provides the Custodians certain services with respect to the custody arrangements. If the Client selects a Custodian other than GFTC, the selected Custodian will remit a portion of the fee it charges the Client or receives from other parties including mutual funds and ETFs, to GFWM as compensation for these services. The formula under which GFWM's compensation will be calculated is prospectively agreed upon by the Custodian and GFWM, and will be a function of agreed upon basis points on the average daily value of assets under management or custody, or other methodology agreed to by the parties annually. The formula is set for a 12-month period, after which a new formula may be renegotiated between GFWM and the Custodian to take effect on a prospective basis. The payment due under the formula will be calculated and paid quarterly. Further information about the compensation paid GFWM, including current and historical compensation, is available on request.

The total fees received by GFWM with respect to a particular Client for a specified amount of assets can vary according to the particular Custodian used by the Client. In addition, a Client's particular asset allocation, including on-going changes (also known as rebalancing) based on the recommendations made by the Portfolio Strategist that provides the Client's asset allocation, may indirectly contribute to increasing or decreasing the compensation received by GFWM from a Custodian in future periods.

#### *Other Compensation Disclosure*

Each of the mutual funds, ETFs and variable annuity sub-accounts included in the Platform bears its own operating expenses, including compensation to the fund or sub-account advisor. As an investor in the mutual funds, ETFs or variable annuity sub-accounts, the Client indirectly bears the operating expenses of the mutual funds, ETFs or sub-accounts, as these expenses will affect the net asset value (or share price in the case of an ETF) of each mutual fund, ETF or sub-account. These expenses are in addition to the investment Advisory Fees paid to the Client's individual Financial Advisory Firm, including the Platform Fee payable to GFWM. The ratios of fund expenses to assets vary from fund to fund according to the actual amounts of expenses incurred and fluctuations in the fund's daily net assets. Information on the specific expenses for each of the mutual funds is set forth in the fund's prospectus and periodic reports provided by the fund to the Client. Information concerning the specific expenses of each variable annuity sub-account and any other expenses assessed by each variable annuity issuer are contained in the Prospectus delivered to the Client by the variable annuity issuer.

The cost of advisory and investment management services provided through the Platform may be more or less than the cost of purchasing similar services separately. For example, direct investment in a mutual fund, ETF or variable annuity sub-account could be less expensive than investment in the same securities through the Platform, because the Client would not bear any Platform Fee. All mutual funds included in the Platform will be available for purchase at each fund's net asset value and with no sales charge, so that no sales commissions are incurred in connection with investment in the initial portfolio and portfolio rebalancing. While most mutual funds available through the Platform will charge no transaction fees, mutual funds

or custodians may charge a Client redemption fees under certain circumstances. Accounts invested in portfolios that include ETFs are subject to transaction costs, or asset-based pricing fees, based on the fee schedule of the account custodian selected by the Client, and pursuant to a separate agreement between the Client and the account custodian. Variable annuity accounts may be subject to transaction costs in connection with portfolio rebalancing as provided in the Prospectus delivered to the Client by the variable annuity issuer.

The Platform Fee paid by the Financial Advisory Firm to GFWM for related accounts of any Client in the Platform are negotiable, as are Platform Fees paid by any Financial Advisory Firm, with the approval of GFWM's President and CEO or any other senior executive officer, as authorized by the President and CEO. In addition, GFWM invests a portion of its revenues from operating the Platform back into the Platform in the form of allowances to certain participating financial professionals that utilize the Platform. Under its Gold/Platinum Premier Consultant Program, individual Financial Advisory Firm representatives ("Financial Advisors") are entitled to receive a quarterly business development allowance for reimbursement for qualified marketing/practice development expenses incurred by the Financial Advisor. These amounts range from \$5,000 to \$105,000 annually, depending on the amount of the Financial Advisor's Client assets managed within the Platform.

Similarly, GFWM provides opportunities for Financial Advisory Firms participating in the Platform to receive fee reductions and/or allowances in amounts ranging from .02% to .10% of the amount of client assets invested through the Platform. These arrangements are entered into between GFWM and a broker dealer/advisor on an individually negotiated basis. A broker dealer may agree to provide GFWM with introductions to and information concerning its advisory representatives, provide the representatives with information concerning GFWM's Platform and products, and permit GFWM to participate in broker dealer meetings and workshops. In addition to the fee reductions and/or allowances granted the broker dealer by GFWM, GFWM may agree to provide the broker dealer or its representatives with organizational consulting, education, training and marketing support.

GFWM may sponsor annual conferences for participating Financial Advisors designed to facilitate and promote the success of the Platform and its participating Financial Advisors. GFWM may offer Portfolio Strategists, Investment Managers and Investment Management Firms, who may also be Sub-Advisors for the AssetMark Funds, the opportunity to contribute to the costs of GFWM's annual conference and be identified as a sponsor of a portion of the conference. GFWM may also bear the cost of airfare for certain Financial Advisors to attend GFWM's annual conference or to conduct due diligence visits to GFWM's offices. Financial Advisors may also receive discounted pricing on affiliate coaching programs. In addition, GFWM may, from time to time, contribute to the costs incurred by participating Financial Advisory Firms in connection with conferences or other client events conducted by the Financial Advisory Firms and their Financial Advisor representatives.

GFWM employees may have Platform Fees waived or reduced if they invest assets through the Platform, and may have custodial fees waived or reduced if they have assets held in custody by Genworth Financial Trust Company ("GFTC"), an Arizona trust company that is an affiliate of GFWM. GFTC may also receive Shareholder Servicing Fees from each Mutual Fund family included in Client Accounts. GFTC does not pay GFWM any fees for administrative services performed on Accounts on the Platform.

## VII. CUSTODIAL ARRANGEMENTS

As described above, the Client's investments made through the Platform are held in the Client's name by a Custodian pursuant to a custody agreement directly between the Client and the Custodian. As a custodial client, the Client will receive from the Custodian periodic account statements listing the investments held in the Client custodial account, valuations of the investments and transactions which occurred during the period. The Client will also receive prospectuses and shareholder reports, as well as any proxy statements, applicable to the securities in the Client's custodial account if the Client has invested in a Mutual Fund, ETF or Variable Annuity account available through the Platform. If the Client has selected a Privately Managed Account, the Client will generally delegate the receipt of these shareholder materials to the Discretionary Manager through the Discretionary Manager Designation executed with the Client Services Agreement, unless the Client otherwise expressly directs that such materials be delivered to the Client.

Several different third party Custodians are used by Financial Advisory Firms and Clients under the Platform to provide Client Accounts with custody and trading services, including TD Ameritrade Investment Support Services, Pershing Advisor Solutions, Schwab Institutional, and Fidelity Brokerage Services. In addition, Genworth Financial Trust Company ("GFTC"), an affiliate of GFWM, may be used by Financial Advisory Firms and Clients on the Platform. Except as noted, each Financial Advisory Firm will typically select the Custodian to be used by that Financial Advisory Firm's Clients. The selected Custodian's full fee schedule will be presented to the Client together with the separate custodial agreement to be executed between the Client and Custodian as described above. Each of the foregoing Custodians, with the exception of Schwab, currently generally charges a minimum account fee of \$150 per year for Accounts invested in mutual fund asset allocation models, \$750 per year for CMA Accounts, \$250 per year for ETF Accounts, and \$350 for ETF accounts invested through Distribution Strategies (\$375 for Fidelity). The minimum annual fees for IMA Accounts vary depending on the types of securities held in the accounts, \$350 per year for equity securities accounts (\$375 for Fidelity and \$500 for Schwab), \$500 per year for fixed income securities accounts (\$750 for Schwab), \$375 per year for Rochdale's IMA Strategy and \$350 per year for balanced equity/fixed income Accounts (\$375 for Fidelity). The custodial account fees otherwise payable for UMA Accounts, GFAM Principal Return Exposure Strategies, GFAM Preservation Strategy or GFAM Fixed Income Accounts are included in the Platform fee payable to GFWM on those Accounts, except for GFAM-LHIC. All of the Custodians then charge additional fees based on a sliding scale depending on the amount of assets held in the Account. The Custodians may also charge termination fees and various other miscellaneous fees for wires, returned checks and other non-standard activity on an Account. The details are clearly presented in each Custodian's full fee schedule.

The Client is responsible for paying the Custodian the fees charged by the Custodian for its services and for all expenses related to effecting transactions in the account, pursuant to the agreement between Client and the Custodian. The Client will therefore bear such Custodian fees and expenses in addition to the investment Advisory Fees and Platform Fees discussed above and the operating expenses incurred by mutual funds, ETFs, variable annuities and any other pooled investment vehicles held in the Client's account. It should be noted that other custodial arrangements may be available that would involve lower costs to the Client than does this Platform and the custodian selected by the Client or the Client's Financial Advisory Firm.

## VIII. POTENTIAL CONFLICTS OF INTEREST

As discussed above, GFWM and CBC receive compensation as the Investment Advisor and Distributor, respectively, of the AssetMark Funds, which are utilized within certain Portfolio Strategists' asset allocations, and GFWM waives its Platform Fee to the Financial Advisory Firm on Client accounts to the extent they are invested in asset allocations comprised primarily of the AssetMark Funds. The Financial Advisory Firm will therefore pay a lower percentage of the Client's assets invested in the Platform to GFWM as the Platform Fee and may retain a greater percentage than if another Portfolio Strategist's asset allocation were used. Accordingly, the Financial Advisory Firm has a potential conflict of interest in that it may have a financial incentive to recommend that the Client Account be invested in an asset allocation which is comprised primarily of the AssetMark Funds.

Certain mutual funds selected for Client Accounts may include Proprietary/Affiliated Funds and the Genworth Financial Contra Fund from which GFWM or its affiliates may receive additional compensation as described here in addition to fees paid to GFWM under this Agreement. GFWM may receive management and other fees for both its management of these funds as well as the Client Account.

GFWM serves as the investment advisor for the AssetMark Funds, a series of sub-advised no-load mutual funds that are available in certain Investment Solutions offered under the Platform, and the Genworth Financial Contra Fund, a registered investment company used by GFWM's GFAM Division in risk mitigation strategies in certain UMA Investment Solutions, and is the investment advisor to the Genworth Variable Insurance Trust ("GVIT"), a series of no-load funds made available exclusively to owners of variable annuity and variable life insurance contracts ("Variable Contracts") issued by Genworth Life and Annuity Insurance Company ("GLAIC") and Genworth Life Insurance Company of New York ("GLICNY"), both affiliates of GFWM. GFWM receives ongoing fees from Proprietary/Affiliated Funds, the Contra Fund and GVIT for the investment advisory services it provides. When the Contra Fund is used in GFWM's Investment Solutions, GFWM may receive a Management Fee from client assets for its management under an Investment Solution as well as an additional fee through the Contra Fund for that portion of a client's account that is invested in that Fund, effectively receiving two fees, under two different management agreements, on the same assets. When the Proprietary/Affiliated Funds are the primary investment vehicle used in a particular GFWM Investment Solution, GFWM waives its GFWM Platform Fee on the assets in those accounts. If a CMA Portfolio Strategist selects Proprietary/Affiliated Funds, the Platform Fee is not waived. Therefore, GFWM may receive a Management Fee from client assets for its management under an Investment Solution as well as an additional fee through the Proprietary/Affiliated Funds for that portion of a client's account that is invested in that Fund, effectively receiving two fees, under two different management agreements, on the same assets. GVIT funds are not utilized in GFWM Platform solutions.

CBC is the distributor of the AssetMark Funds, the Contra Fund and GVIT. CBC is entitled to receive 12b-1 fee compensation as Distributor of the AssetMark Funds and GVIT, however, only the AssetMark Funds are utilized within certain Investment Solutions. CBC is not compensated for its role as Distributor of the Contra Fund.

Altegris Advisors, L.L.C. ("Altegris") is a Delaware limited liability company formed in February 2010, and commenced its advisory operations in August 2010. Altegris is registered as an investment



adviser with the Securities and Exchange Commission. Altegris serves as the investment adviser to the Altegris Managed Futures Strategy Fund, a series Delaware Trust, and its wholly owned subsidiary. Altegris manages the assets of the Fund directly in accordance with applicable law and the investment objectives, policies and restrictions set forth in the Fund's current Prospectus and Statement of Additional Information, and subject to such further limitations as the Fund's Board of Trustees may from time to time impose by written notice to Altegris. Altegris may also act in the capacity of Portfolio Strategist for GFWM.

GLAIC is also the issuer of the LifeHarbor<sup>SM</sup> Series, Genworth Financial Wealth Management Group Guaranteed Income Annuity Certificate ("LifeHarbor Annuity"). GLAIC is an affiliate of GFWM and GFTC. Purchasers of the LifeHarbor Annuity must invest their Account in one of the GFAM Strategies offered by GFAM and designed for use with the LifeHarbor Income Certificate ("GFAM-LHIC"). The GFAM Division of GFWM serves as the Discretionary Manager for accounts invested in GFAM Solutions designed for use with LifeHarbor Income Certificate, and only Risk/Return Profiles 3 and 4 are offered in this Investment Solution. While the LifeHarbor Annuity is in force, an asset charge, which is based on the value of the assets in the client account, is periodically deducted from the account and remitted to GLAIC. Consult the LifeHarbor Annuity prospectus for further information. The fees charged under the LifeHarbor Annuity are in addition to the advisory, custodial and other fees charged the client account, including the advisory fee GFWM receives as the Discretionary Manager. GLAIC gave GFWM input in the development of this Investment Solution, with particular focus on the specification of investment risk parameters, and the impact of those risk parameters in the management of client accounts. However, GFWM is responsible for the day-to-day management of the GFAM-LHIC accounts, and GLAIC does not have the authority to instruct GFWM to pursue any particular investment course.

GFTC, an affiliate of GFWM, will receive fees for serving as Custodian for those Client Accounts selecting GFTC.

Some mutual funds, investment companies or other pooled investment vehicles or their service providers, such as advisers or administrators, pay administrative service or certain other fees to GFTC as compensation for the administrative and shareholder services it provides. Banks and other financial institutions may also pay GFTC for such services. GFTC handles transfer agency functions, shareholder servicing, sub-accounting, and tax reporting functions that these financial institutions may otherwise have to perform. Such payments are generally made to GFTC by these financial institutions based on the amount of assets invested on behalf of clients in the investment. In the instance of GFAM Strategies, GFWM (through its GFAM Division) determines whether to initially invest or to maintain or to increase investment of Client Account assets in these investments. In the instance of all Investment Solutions, an investment must first be available through the GFWM Platform before it can be included in any Client Account. Any such payments to the Custodian will not reduce GFWM's fee schedule.

To the extent that a Client establishes a mutual fund Account and selects an asset allocation designed by a "proprietary" Portfolio Strategist (one who includes funds from its affiliated fund family), the Portfolio Strategist will generally derive additional benefit through compensation payable to its affiliates from the funds.

Client accounts invested in the Altegris Managed Futures Strategy will receive allocations, determined by Altegris, among mutual funds advised by Altegris and GFWM. Both Altegris and GFWM will receive advisory fees from the mutual funds in which these accounts invest. The mutual fund advisory fees differ between funds and the total fees collected will vary depending upon the profile selected by the client and the fund allocation within each profile (for example, the blended rate of all fund advisory fees on client assets invested at the target profile allocation can range from 1.19% or higher for profile 3, and up to 1.50% for profile 5). If a client elects the Altegris Managed Futures Strategy, client authorizes and instructs that the account be invested pursuant to the selected profile, acknowledges that the fund advisory fees collected by Altegris and GFWM will vary, and approve of the fund advisory fee payments to GFWM and Altegris. You will be given prior notice if these allocations or mutual funds change and, unless you give notice to GFWM, you consent to these changes.

GFWM's parent is Genworth Financial, Inc. ("Genworth"). Genworth's stock is publicly traded (NYSE: GNW), and it and its affiliates may also issue other securities. The mutual funds, ETFs, variable annuity sub-accounts and other collective investment vehicles held in client accounts through the Platform may hold or acquire securities issued by Genworth. In addition, the independent Discretionary Managers managing Privately Managed Accounts may invest in Genworth securities in the discretion of the independent Discretionary Managers. However, Privately Managed Accounts advised directly by GFWM will be restricted so that no securities issued by Genworth or its affiliates will be acquired even if such an investment is appropriate for such Accounts. In addition, the Proprietary/Affiliated Funds, the Contra Fund, and the GVIT will not acquire any Genworth securities.



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Effective February 2011

Form ADV – Schedule H

## GFAM DISCLOSURE BROCHURE

### GENWORTH FINANCIAL ASSET MANAGEMENT DIVISION (“GFAM”) OF GENWORTH FINANCIAL WEALTH MANAGEMENT, INC

- 1. DESCRIPTION OF GFAM ADVISORY SERVICES**
- 2. PRIVATELY MANAGED ACCOUNTS, INCLUDING:**
  - GFAM PRINCIPAL RETURN EXPOSURE STRATEGY
  - GFAM PRESERVATION STRATEGY
  - GFAM FIXED INCOME STRATEGIES
  - GFAM STRATEGIES DESIGNED FOR USE WITH LIFEHARBOR INCOME CERTIFICATE (“GFAM-LHIC”)
- 3. UNIFIED MANAGED ACCOUNTS, INCLUDING:**
  - GENWORTH MULTIPLE STRATEGIES (“GMS”) ACCOUNTS, AND
  - ACTIVE RETURN OPPORTUNITIES (“ARO”) ACCOUNTS
  - PRIVATELY MANAGED PORTFOLIOS (“PMP”) ACCOUNTS
- 4. ACTIVELY MANAGED PROTECTION (“AMP”) SERVICE**
- 5. INVESTMENT MANAGEMENT STAFF**
- 6. ADDITIONAL ACCOUNT DISCLOSURES**

Genworth Financial  
Wealth Management, Inc.  
2300 Contra Costa Blvd.  
Suite 600  
Pleasant Hill, CA 94523  
800 664.5345  
GenworthWealth.com

*This Disclosure Brochure provides clients with information about the advisory services of the Genworth Financial Asset Management Division of Genworth Financial Wealth Management, Inc. (“GFWM”) and is meant to be read in conjunction with the GFWM Platform Disclosure Brochure. If you have not received the GFWM Platform Disclosure Brochure, please contact your Financial Advisor. This information has not been reviewed, approved or verified by any governmental authority.*

*This GFAM Disclosure Brochure is meant to be read in conjunction with the GFWM Platform Disclosure Brochure for those selecting GFAM Advisory Services.*

## 1. DESCRIPTION OF GFAM ADVISORY SERVICES

GFWM provides a variety of investment advisory services to clients. The services discussed in this Disclosure Brochure are investment advice and management for the following services available through the GFAM Division of GFWM:

- Privately Managed Accounts, including:
  - Individually Managed ("IMA") Accounts
    - GFAM Principal Return Exposure ("PRX") Strategy
    - GFAM Preservation Strategy
    - GFAM Fixed Income Strategies
    - GFAM Strategies designed for use with LifeHarbor Income Certificate ("GFAM-LHIC")
- Unified Managed Accounts, including:
  - Genworth Multiple Strategies ("GMS") Accounts, and
  - Active Return Opportunities ("ARO") Accounts
  - Privately Managed Portfolios ("PMP") Accounts,

## 2. PRIVATELY MANAGED ACCOUNT INVESTMENT SOLUTIONS

The Genworth Financial Asset Management ("GFAM") division of GFWM may act as Investment Manager ("Discretionary Manager") for the Privately Managed Account ("PMA") Investment Solutions discussed herein.

Each client designates, with the assistance of the Financial Advisor and based on the client's individual investment objectives, one or more of the PMA solutions available.

The currently available GFAM Strategies are as follows:

### GFAM Principal Return Exposure Strategy ("PRX")

For the PRX Investment Solution, the Genworth Financial Asset Management ("GFAM") division of GFWM acts as the Investment Manager (or Discretionary Manager) for Client Accounts. GFAM shall provide discretionary investment management services to the Account, and the Client grants GFAM the authority to buy and sell securities and investments for the Account, to vote proxies for securities held by the Account (if applicable) and such other discretionary authorities described in the CSA.

In the PRX Investment Solution, the Client need make no further selections, with the assistance of their Financial Advisor, to specify the Strategy for the Account. The PRX Strategy follows an Absolute Return Allocation Approach and is considered to be Risk/Return Profile 2.

### *The PRX Strategy*

The PRX Strategy invests in equity-linked certificates of deposit ("CDs") issued by banking institutions, on a buy and hold basis, with the dual investment objectives of return of principal at the end of a stated time-horizon, which is generally expected to be five years for each CD, and receipt of income at the maturity of each CD purchased for a Client Account, such income to be in the form of some limited participation in the price return of an Equity Benchmark, not including dividends. The Equity Benchmark associated with each CD is expected

to be a weighted combination of one or more price indices on major equity markets, domestic and/or international. While fixed for the term of each CD, the Equity Benchmark may differ amongst CDs purchased by GFAM for PRX Strategy Accounts.

### *Important Investment Considerations*

- o **Money Market Fund Risk** – During the time between when a PRX Account is initially funded by the Client and the Account invests in one or more CDs, the Account will be invested in a money market mutual fund or other cash equivalent. Money market mutual funds carry the risk that they will experience a decline in value.
- o **Suitability Risk** – The PRX Strategy will invest in CDs with a maturity which is anticipated to be five years for each CD at the time of initial acquisition. Withdrawals from a PRX Account before the maturity of the CD(s) held in the Account, if possible, may result in loss of principal and the Client may not recover the total initial investment. The PRX Strategy is not suitable for Clients with an investment time horizon of less than five years. The client further acknowledges that their time horizon for the assets being invested in this advisory service is 5 years or greater regardless of what may be indicated as a time-horizon for their overall investment plan.
- o **Liquidity Risk** – No income will be paid by the Account CDs during their term. If the Client asks for a withdrawal from the Account prior to the next available maturity of a CD, and presuming insufficient cash is available in the Account, GFAM will attempt to sell all or part of one or more CD(s) held by the Account at the prevailing price. Sale of an Account CD prior to maturity and payment of the withdrawal request to the Client may not be possible due to possible lack of a buyer for any of the CDs held in the Account or may be at a price significantly different than the price reflected on your Account Statement. The price received for a CD sold prior to maturity may be influenced by many factors, such as the term structure of interest rates, currency exchange rates, the volatility of the Equity Benchmark, the price level of the Equity Benchmark, the prevailing dividend rate related to the Equity Benchmark, the creditworthiness of the counterparty and, most importantly, the availability of a buyer at the time the Client wishes to redeem all or part of the Account. Depending on the impact of these factors, if withdrawals from the Account are made prior to the maturity of Account CD(s), the Client may receive significantly less than expected.
- o **Participation Rate** – The Participation Rate is the rate in which a CD will participate in the price return of its Equity Benchmark. The Participation Rate will be determined at the time of issuance of the CD and is generally based on the term structure of interest rates, dividend rates and market volatility prevailing at the date of issue. GFAM does not currently plan to purchase CD(s) for PRX Strategy Accounts unless the Participation Rate is above 50% of the price return of the CD's Equity Benchmark. The Account may invest in a CD with a lower Participation Rate than CD(s) purchased for other Accounts in the PRX Strategy at other points in time or previously purchased for the Client's Account. Since the Participation Rate is a percentage of the price return of the Equity Benchmark, the Account will not fully participate in potential increases of the equity markets.
- o **Interest Rate Risk** – The overall return of the Account may be less than interest earned by non-indexed debt securities or bank deposits that pay interest at a prevailing market rates.
- o **Market Risk** – If, for the term of a CD, the price return of the Equity Benchmark is zero or negative, you will not receive any supplemental payment amount at maturity, regardless of the

Participation Rate. In addition, the Equity Benchmark for any given CD may be comprised of two or more equity indices which may not be equally weighted. Declines in the level or price of one index may offset increases in the level or price of the other index(es).

- o **Tax Treatment** – If in a taxable account, all principal return and Equity Benchmark participation is expected to be treated as “ordinary income” for U.S. federal income tax purposes classification. Additionally, as principal accretion occurs during the life of the Account, interest income may be imputed to the Client and reported to the Internal Revenue Service by the Account Custodian (Form 1099 OID reported income). As such, the PRX Strategy may not be suitable for tax-sensitive clients. This information should not be interpreted as tax advice, as GFAM does not give tax advice. The Client should consult their tax advisor.
- o **Counterparty Risk** – The equity-linked CD is a bank product and may be covered by FDIC insurance, at the terms applicable at the time of any insolvency event and only up to a certain dollar amount. FDIC insurance levels may change during the time the Account holds CD(s). Other Client deposits at the same banking institution may be aggregated with the CD held by the Account for purposes of applying the FDIC insurance maximum coverage, and the Client may be exposed to counterparty risk of the issuing bank. It is the Client’s responsibility to monitor their exposure to the FDIC maximum at each banking institution.

#### *Important Operational Considerations*

- o **Participation Rate** – GFAM does not currently intend to invest the Account in a CD with a Participation Rate of less than 50%. If a CD is not purchased for the Account despite the availability of funds to do so, the Account will remain invested in a money market mutual fund or other cash equivalent until such time as the market conditions allow for, and GFAM is able to purchase, a CD with greater than a 50% Participation Rate. Therefore, the Account may remain invested in a money market mutual fund or cash equivalent for long periods of time. During this period, Account Fees will be charged.
- o **Timing of Account Funding** – The transfer of assets from other financial institutions to the Account Custodian will take time. The Account will only be invested in a CD if at least 90% of the Initial Investment Amount and a minimum of \$50,000 has funded the Account. Until then, the Account will remain invested in a money market mutual fund or other cash equivalent. Account Fees will be charged.
- o **Value of Account Funding** – The Account minimum for the PRX Strategy is \$50,000. If the value of the Account falls below \$50,000 before a CD has been purchased, the Account may not be invested in a CD. If the Account is not invested in a CD, it will remain invested in a money market mutual fund or other cash equivalent. Account Fees will be charged.

The GFAM PRX Investment Solution will have an account minimum of \$50,000 and an account maximum of \$250,000. GFWM reserves the right, in its sole judgment, to accept certain investments below the standard minimum.

#### GFAM Preservation Strategy

For the GFAM Preservation Strategy Investment Solution, the GFAM division of GFWM acts as Investment Manager, also referred to as a Discretionary Manager, for Client Accounts. GFAM shall provide discretionary investment management services to the Account, and the Client grants GFAM the authority to buy and sell securities and

investments for the Account, to vote proxies for securities held by the Account and such other discretionary authorities described in the CSA.

In the GFAM Preservation Strategy Investment Solution, the Client need make no further selections, with the assistance of their Financial Advisor, to specify the Strategy for the Account. The GFAM Preservation Strategy follows an Absolute Return Allocation Approach and is considered to be Risk/Return Profile 1.

The primary investment objective of the Preservation Strategy is to avoid losses, measured over the calendar year. Intra-year volatility is not managed. The secondary objective is to maximize total return over the long term with no preference to income. The Account will be invested primarily in mutual funds.

This strategy may invest in, among other things, “opportunistic” or “specialized” asset categories, which may include real estate, commodities, precious metals, energy and other less traditional asset classes, with no geographic restrictions, Proprietary/Affiliated Funds and the Genworth Financial Contra Fund, which is advised by GFWM. The Contra Fund seeks to provide protection against severe and sustained declines in the broad based equity markets, and it generally invests in options on stock indices.

For GFAM Preservation Account, the account minimum is \$50,000. GFWM reserves the right, in its sole judgment, to accept certain investments below the standard minimum.

#### GFAM Fixed Income Accounts

For the GFAM Fixed Income Accounts Investment Solution, the GFAM division of GFWM acts as Investment Manager, also referred to as a Discretionary Manager, for Client Accounts. GFAM shall provide discretionary investment management services to the Account, and the Client grants GFAM the authority to buy and sell securities and investments for the Account, to vote proxies for securities held by the Account and such other discretionary authorities described in the CSA.

For a GFAM Fixed Income Account Investment Solution, the Client, with the assistance of their Financial Advisor, shall select a Mandate for the management of their account. There are no Asset Allocation Approaches or separate Risk/Return Profiles available for a GFAM Fixed Income Account.

The available Mandates for the GFAM Fixed Income accounts are as follows:

- Laddered Bond Mandates - These Strategies invest the Account in either U.S. Treasury, U.S. Agency, or U.S. Treasury Inflation Protected bonds, with an intermediate effective duration, on a buy and hold basis.
- Municipal, Duration-based and the High Yield Mandates - These Strategies invest the Account in closed-end funds, exchange traded funds or mutual funds to obtain relevant exposure specific to desired asset categories.

For GFAM Fixed Income Accounts, the account minimum is \$50,000. GFAM reserves the right, in its sole judgment, to accept certain investments below the standard minimum.

#### GFAM Solutions Designed For Use With LifeHarbor Income Certificate (“GFAM-LHIC”)

This strategy is closed for new business.



The primary objective of these Strategies is to seek capital appreciation through tactical asset allocation across domestic and international equity and fixed income markets, through the use of ETFs and mutual funds. The Client shall select a Mandate for the management of their Account and a Risk/Return Profile 3 or 4. There are no Asset Allocation Approaches designated for this Investment Solution. For more information regarding the LifeHarbor Series, please refer to the LifeHarbor Series Prospectus and Statement of Additional Information.

#### *Mandate*

The mandate for the GFAM solutions designed for use with the LifeHarbor Income Certificate is as follows:

*Global Standard Indexed.* This Strategy invests in a globally diversified portfolio using index oriented mutual funds and exchange traded funds ("ETFs").

### **3. UNIFIED MANAGED ACCOUNT ("UMA") INVESTMENT SOLUTIONS**

The Unified Managed Account Investment Solutions include Genworth Multiple Strategies ("GMS"), Active Return Opportunities ("ARO") and Privately Managed Portfolios ("PMP") accounts. GFWM manages UMA Accounts through its Genworth Financial Asset Management ("GFAM") division; therefore, when discussing UMA Investment Solutions, reference will be made to GFAM. For the UMA Investment Solutions, GFAM serves as "Overlay Manager" and may also be referred to as "Discretionary Manager."

GFAM acts as Overlay Manager for the UMA Investment Solutions providing discretionary investment management services and coordinating recommendations of independent Investment Management Firms acting as portfolio advisers to GFWM. As Overlay Manager for UMAs, GFAM may also select securities directly for Client Accounts. GFAM, as Overlay Manager for UMA Accounts, is also referred to as a "Discretionary Manager."

The standard minimum UMA investment, depending on the strategy selected, is between \$50,000 and \$500,000. GFWM reserves the right, in its sole judgment, to accept certain investments below these standard minimums.

Investments for UMA Investment Solutions will be made by GFAM using securities recommendations by independent Investment Management Firms. In addition, UMA Accounts may hold investments selected by GFAM, and these investments may include, but are not limited to, some or all of the following types of securities: exchange traded funds, closed-end funds, open-end funds, preferred stocks, treasury bonds, bills, notes and bank notes. The mutual fund investment may include Proprietary/Affiliated Funds and the Genworth Financial Contra Fund, which is advised by GFWM. The Contra Fund seeks to provide protection against declines in the broad based equity markets, and it generally invests in options on stock indices. The asset allocation decisions, Investment Management Firm selection decisions and additional security selection decisions will all be made solely by GFAM in its discretion based on the Strategies selected by the Client. This discretion may include the substitution of certain securities included in selected Investment Management Firms' asset allocations in consultation with the Investment Management Firm or otherwise, or the selection of individual securities in certain designated asset classes.

For UMA Investment Solutions, GFAM employs comprehensive analysis, including specific mathematical, technical and/or fundamental

tools and risk-control criteria in the management of Client Accounts. The focus of GFAM as Overlay Manager is to add value to each Client's account through four key avenues: (1) the strategic and tactical determination of asset allocation levels; (2) the selection of independent Investment Management Firms to advise as to the formation of concentrated portfolios of their highest conviction individual security preferences; (3) the formation of portfolios with risk management options to match the portfolio to the Client's chosen level of risk tolerance; and (4) efficient execution of trade orders resulting from ongoing management of the Client's Account.

Clients in UMA Investment Solutions have the option to place restrictions against investments in specific securities or types of securities for their account that are reasonable in light of the advisory services being provided under the different Investment Solutions offered on the Platform. Requests for such restrictions are reviewed by GFWM to ensure that they are reasonable and will not unduly impair GFWM's ability to pursue the Investment Solution and Strategy selected by the Client. As may be limited by the Custodian's policies and procedures, Clients may also pledge the securities in their UMA Account or withdraw securities from their Account (transfer in-kind to another account or custodian), but must do so by giving instructions in writing to GFWM or Custodian.

For GMS and PMP, a risk management strategy may be implemented through the use of GFAM's Actively Managed Protection Service ("AMP"), fixed income, other strategies, or a combination of all these strategies. Portfolio allocations for these risk management strategies will vary based on individual Client objectives within target allocations established and monitored by GFAM.

#### Genworth Multiple Strategies ("GMS") Accounts

GMS Investment Solutions are designed for Clients who have Accounts of at least \$50,000 and desire the advantages of a separate account. These portfolios are offered in three equity Mandates, and in four of the six Risk/Return Profiles, which are selected by the Client with the assistance of the Client's Financial Advisor.

Clients who select the GMS Account as their Investment Solution must deposit at least \$50,000 into their account, and if multiple deposits are made into such an Account, the Account will not be invested and will not be considered a Discretionary Account until the Account balance reaches the required minimum \$50,000. A Client's Account will be held by Custodian in cash or in any assets transferred in-kind until such time as the value of the deposits to the account reaches the required \$50,000 minimum for investment. GFAM reserves the right, in its sole judgment, to accept certain investments below the standard minimum.

In a GMS Investment Solution, the Client authorizes GFAM to provide discretionary investment management services to the Account. The Client grants GFAM the authority to buy and sell securities and investments for the Account, to vote proxies for securities held by the Account and the other discretionary authorities described in the CSA. GFAM may select securities for the Account, to a substantial degree, consistent with recommendations provided to GFAM by Investment Management Firms that GFWM selects, retains and may replace. GFAM retains the right, however, to allocate across asset classes, which will include such recommended securities, in its own discretion. GFAM may invest the Account in direct securities, pooled investment vehicles, such as mutual funds or ETFs, or in other securities or investments.

GFAM will generally not adjust the holdings in a GMS Account on an ongoing basis. Instead, unless a security exceeds a threshold decline determined by GFAM in its sole discretion, GFAM will generally only sell or readjust Account holdings after a one-year holding period. However, since the one-year holding period is generally measured from the date of the previous year's readjustment (and this date may shift forward throughout the calendar year over time), Clients may not experience a one-year holding period on their Account assets in the first and last year of an Account or if withdrawals or contributions are made to the Account. If the "Opportunistic" Mandate is chosen, some degree of turnover greater than that seen in other GMS Mandates may occur as GFAM adjusts the Opportunistic exposure both to enhance return and manage risk. However, because of its annual adjustment structure, a GMS Account is less able than a non-GMS Account to react to market events or opportunities and make changes between adjustment dates.

Additionally, Clients should be aware that a reasonable amount of time will be needed to purchase, redeem and/or transfer assets during the annual adjustment period, and GFWM will not be held liable for losses due to market value fluctuations during the time taken for these transactions.

The GMS Investment Solution follows the Tactical Constrained Asset Allocation Approach. For a GMS Investment Solution, the Client, with the assistance of the Client's Financial Advisor, selects for the management of the Account (1) a Risk/Return Profile; (2) the type of risk management strategy; and (3) a Mandate.

#### *Risk/Return Profile*

With the assistance of the Client's Financial Advisor, the Client selects for a GMS Account a Risk/Return Profile. The Risk/Return Profiles, ranging in objectives from most conservative to most aggressive, are described under "RISK/RETURN PROFILES." Only profiles numbered three (3) through six (6), that is Moderate, Moderate Growth, Growth, and Maximum Growth, are available for a GMS Account.

#### *Risk Management Strategy*

When selecting a Risk/Return Profile for a GMS Account, the Client, with the assistance of the Client's Financial Advisor, also specifies whether the risk management strategy should be implemented through use of fixed income strategies or through use of GFWM's Actively Managed Protection Service, described below under "GFWM'S ACTIVELY MANAGED PROTECTION ("AMP") SERVICE."

#### *Mandates*

The Client may choose between the following Mandates for a GMS Account.

**High Dividend** – The Account will primarily be exposed to large capitalized U.S. companies, with possible significant allocations of exposure to real estate and high dividend paying stocks.

**Global** – The Account will be exposed to international securities (including emerging markets), with allocations that also include exposure to large and small capitalization U.S. companies.

**Opportunistic\*** – The Account will primarily be exposed to stocks of companies domiciled in the U.S. and other developed countries, with allocations that also include exposure to real estate and high dividend paying stocks. The Account may also invest in one or more specialized asset categories, including, but not limited to, commodities, market

neutral strategies, emerging markets, international small capitalized companies and global bonds.

#### Active Return Opportunities ("ARO") Accounts

In an ARO Investment Solution, the Client authorizes GFAM to provide discretionary investment management services to the Account. The Client grants GFAM the authority to buy and sell securities and investments for the Account, to vote proxies for securities held by the Account and such other discretionary authorities described in the CSA. GFAM may select securities for the Account, to a substantial degree, consistent with recommendations provided by Investment Management Firms that GFWM selects, retains and may replace. GFAM may invest the Account in direct securities, pooled investment vehicles, such as open end mutual funds, closed end investment companies, including ETFs, or in other securities or investments. GFAM retains the right, however, to allocate across asset classes, which will include such recommended securities, in its own discretion. GFAM will generally adjust the holdings in an ARO Account on an ongoing basis.

GFAM's management of taxable Accounts in the ARO Investment Solution will include a "loss-harvesting strategy." The objective of the loss harvesting strategy is to actively realize capital value losses, as they occur over time, that exceed certain pre-determined and meaningful levels. GFAM will determine, in its sole discretion, what investments to sell, or not, in implementing this strategy. This loss-harvesting strategy will only be applied with regard to individual stocks, closed-end funds, ETFs and their equivalents; GFAM does not plan to apply it to mutual fund holdings. GFAM's management of non-taxable or tax-deferred accounts in the ARO Investment Solution will not include a loss-harvesting strategy. This loss harvesting strategy is not applied in any other UMA Investment Solution.

Clients should be aware that a reasonable amount of time will be needed to purchase, redeem and/or transfer assets, and GFWM will not be held liable for losses due to market value fluctuations during the time taken for these transactions. GFAM does not represent or guarantee that all applicable capital losses will be harvested, that the losses will all be long-term or short-term, or that the losses will be harvested intentionally against known realized capital gains in a Client's account.

The ARO Investment Solutions follows the Tactical Unconstrained Asset Allocation Approach. For the ARO Investment Solution, the Client, with the assistance of the Client's Financial Advisor, selects for the management of the ARO Account (1) a Risk/Return Profile; (2) an Account Minimum; and (3) a Mandate.

#### *Risk/Return Profile*

When establishing an ARO account, the Client, with the help of the Financial Advisor, will select a Risk/Return Profile that GFAM will use to implement a risk management strategy in the Client's Account. The six Risk/Return Profiles, ranging in objectives from most conservative to most aggressive, are described under "RISK/RETURN PROFILES." In implementing a risk management strategy in an ARO Account, GFAM will, in its discretion, utilize a variety of risk management tools. These tools will generally include investments intended to act in a manner that is non-correlated or, in some cases, inversely correlated to the equity preference selected by the Client. ARO risk management tools may include investments in fixed income securities, but may also include other asset classes such as vehicles investing in commodities, real estate, or other investments

that GFAM, in its discretion, deems appropriate to mitigate risk. Additionally, GFAM may use the Genworth Financial Contra Fund, which is described in more detail in the Prospectus for the Contra Fund. The Genworth Financial Contra Fund is a proprietary registered investment company for which GFWM, through its GFAM division, serves as investment adviser. GFAM will determine when to use each risk management tool, and in what proportion, based on its evaluation of current market conditions.

#### *Account Minimums*

ARO Accounts are available in the following Account Minimums: \$50,000 (ARO-50), \$100,000 (ARO-100), \$250,000 (ARO-250) and \$500,000 (ARO-500). The Account Minimum selected by the Client will influence the type of investment that GFAM will use for the Client Account. Generally, Accounts with larger Account Minimums will invest in individual securities more than Accounts with smaller Account Minimums, which will invest more in pooled investment vehicles. Therefore, Clients who select ARO-50 may have a greater portion of their Accounts invested in mutual funds, closed-end funds, and ETFs than will Clients who select ARO-500, while Clients selecting ARO-500 may see a greater portion of their Accounts invested in individual securities. However, under certain market conditions, particularly those requiring a defensive posture against anticipated equity market downturns, the use of pooled investment vehicles may be more proportionately consistent across the different Account Minimums than under other market conditions.

Once an Account Minimum is selected, the Account will remain invested in investments typically selected by GFAM for Clients selecting that Account Minimum, even if Account value is more than the next Account Minimum, unless a written request is received to change the Account's selected Account Minimum.

Clients who select the ARO Account must deposit at least the required minimum specified into their Account, and if multiple deposits are made into such an Account, the Account will not be invested until the Account balance reaches the required Account Minimum. A Client's Account will be held by the Custodian in cash or in any assets transferred in-kind until such time as the value of the deposits to the Account reaches the required minimum for investment, and the Account will not be considered a discretionary Account until such time as the Account assets reach the required minimum. GFAM reserves the right, in its sole judgment, to accept certain investments below the standard minimum.

#### *Mandates*

The Client may choose between the following Mandates for an ARO Account. All of these Mandates allow for the Account to invest in "opportunistic" or "specialized" asset categories, which may include, among other things, real estate, commodities, precious metals, energy and other less traditional asset classes, with no geographic restrictions, and the Genworth Financial Contra Fund. The Contra Fund, which is advised by GFWM, seeks to provide protection against severe and sustained declines in the broad based equity markets, and it generally invests in options on stock indices. In addition, all of the Mandates allow for the Account to be traded more "opportunistically," which may lead to higher turnover and more frequently realized gains and losses than experienced in other UMA Investment Solutions.

**Domestic** – Domestic Accounts are managed to an investment objective that allows exposure to domestic asset categories. However, this geographic restriction does not apply to real estate, commodities,

precious metals, energy, and ultra high quality large cap growth, which may potentially provide domestic, international, or global exposure. This investment objective also allows exposure to equities, fixed-income, and specialized asset categories. For the purposes of this investment objective, specialized asset categories are defined to include real estate, commodities, precious metals, energy, and other less traditional asset class exposures. The selection of asset class exposures and the percentage allocations to each is made with the objective of bringing the account's aggregate characteristics into approximate alignment with the current and prospective investment and economic environments. There is no minimum percentage allocation to any asset class exposure. This investment objective focuses exclusively on total return and gives absolutely no preference to income generation.

**Global** – Global Accounts are managed to an investment objective that allows exposure to both domestic and international asset categories. This investment objective also allows exposure to equities, fixed-income, and specialized asset categories. For the purposes of this investment objective, specialized asset categories are defined to include real estate, commodities, precious metals, energy, and other less traditional asset class exposures. The selection of asset class exposures and the percentage allocations to each is made with the objective of bringing the account's aggregate characteristics into approximate alignment with the current and prospective investment and economic environments. There is no minimum percentage allocation to any asset class exposure. This investment objective focuses exclusively on total return and gives absolutely no preference to income generation.

**High Current Income** – High Current Income Accounts are managed to an investment objective that allows exposure to both domestic and international asset categories that have a natural propensity to deliver a significantly above average portion of their total return in the form of current income instead of capital appreciation. Current income is defined as dividends, interest income, and option premiums. This investment objective also allows exposure to equities, fixed-income, and specialized asset categories. For the purposes of this investment objective, specialized asset categories are defined to include real estate, commodities, precious metals, energy, and other less traditional asset class exposures. The selection of asset class exposures and the percentage allocations to each is made with the objective of bringing the account's aggregate characteristics into approximate alignment with the current and prospective investment and economic environments. There is no minimum percentage allocation to any asset class exposure.

#### Privately Managed Portfolios ("PMP") Accounts

In a PMP Investment Solution, the Client authorizes GFAM to provide discretionary investment management services to the Account. PMP Investment Solutions are designed for Clients who have Accounts of at least \$250,000 and desire the advantages of a separate account. These portfolios are offered in a variety of equity Mandates, Risk/Return Profiles and risk management strategies, which are selected by the Client with the assistance of the Client's Financial Advisor.

A Client who selects the PMP Investment Solution must deposit at least \$250,000 into the Client's Account, and if multiple deposits are made into such an Account, the Account will not be invested until the Account balance reaches the required minimum \$250,000. A Client's Account will be held by the Custodian in cash or in assets transferred in-kind until such time as the value of the deposits to the Account reaches the required \$250,000 minimum for investment. GFAM

reserves the right, in its sole judgment, to accept certain investments below the standard minimum.

GFAM may select securities for the Account, to a substantial degree, consistent with recommendations provided by Investment Management Firms that GFWM selects, retains and may replace. GFAM may select for the Account in individual securities, pooled investment vehicles, such as open end mutual funds or ETFs, or other securities or investments. GFAM retains the authority, however, to allocate across asset classes, which may include such recommended securities, in its own discretion. GFAM will generally adjust the holdings in a PMP Account on an ongoing basis.

Clients should be aware that a reasonable amount of time will be needed to purchase, redeem and/or transfer assets, and GFWM will not be held liable for losses due to market value fluctuations during the time taken for these transactions.

The PMP Investment Solution follows the Tactical Constrained Asset Allocation Approach.

For a PMP Investment Solution, the Client, with the assistance of the Client's Financial Advisor, selects for the management of the PMP Account (1) a Risk/Return Profile; (2) the type of risk management strategy; and (3) a Mandate.

#### *Risk/Return Profile*

With the assistance of the Client's Financial Advisor, the Client selects for a PMP Account a Risk/Return Profile, as described under "RISK/RETURN PROFILES." Only profiles numbered three (3) through six (6), that is Moderate, Moderate Growth, Growth, and Maximum Growth, are available for a PMP Account.

#### *Risk Management Strategy*

When selecting a Risk/Return Profile for a PMP Account, the Client, with the assistance of the Client's Financial Advisor, also specifies whether the risk management strategy should be implemented through use of fixed income strategies or through use of GFWM's Actively Managed Protection (AMP) Service, described below under "GFWM'S ACTIVELY MANAGED PROTECTION ("AMP") SERVICE."

#### *Mandates*

The Client may choose between the following Mandates for a PMP Account.

**Diversified U.S.** – The Account will primarily be exposed to large, mid and small capitalized companies domiciled in the United States.

**Diversified Global** – The Account will primarily be exposed to large, mid and small capitalized companies domiciled in the United States and other developed countries, with possible significant allocations of exposure to real estate and high dividend paying stocks.

**High Dividend Global\*** – The Account will primarily be exposed to large, mid and small capitalized companies domiciled in the United States and other developed countries, with possible significant allocations of exposure to real estate and high dividend paying stocks. The Account may also invest, at a conservative level, in one or more specialized asset categories, including, but not limited to, commodities, market neutral strategies, emerging markets, international small-capitalized companies and global bonds.

**Blended Opportunistic\*** – The Account will primarily be exposed to large, mid and small capitalized companies domiciled in the United States and other developed countries, with possible allocations of exposure to U.S. companies operating in the real estate industry and stocks that currently pay high dividend. The Account may also invest, at a moderate level, in one or more specialized asset categories, including, but not limited to, commodities, market neutral strategies, emerging markets, international small-capitalized companies and global bonds.

**High Dividend Opportunistic\*** – The Account will primarily be exposed to large capitalized companies domiciled in the United States paying high current dividends. The Account may also invest, at a moderate level, in one or more specialized asset categories, including, but not limited to, commodities, market neutral strategies, emerging markets, international small-capitalized companies and global bonds.

**Diversified Opportunistic\*** – The Account will primarily be exposed to large, mid and small capitalized companies domiciled in the United States and other developed countries, with possible allocations of exposure to U.S. companies operating in the real estate industry and stocks that currently pay high dividend. The Account may also invest, at a moderate level, in one or more specialized asset categories, including, but not limited to, commodities, market neutral strategies, emerging markets, international small-capitalized companies and global bonds.

*\*These asset category investments may include exposure to the Genworth Financial Contra Fund, which is described in further detail in the Prospectus of the Contra Fund. The Contra Fund seeks to provide protection against severe and sustained declines in the broad based equity markets, and it generally invests in options on stock indices.*

## **4. GFWM'S ACTIVELY MANAGED PROTECTION ("AMP") SERVICE**

### *Overview*

GFAM's Actively Managed Protection ("AMP") service is offered by GFWM within certain Investment Solutions managed by its GFAM division. The goal of the AMP service is to allow Client Accounts to participate in the growth of equity markets while also providing risk management protection during periods of equity market decline. For Clients choosing a GMS or PMP Investment Solution, the AMP service is one of the two risk management service elections available, the other being fixed income investments.

### *AMP Investment Objective*

The investment objective of the AMP service is to help mitigate losses in Client Accounts during a calendar year resulting from a sustained and severe decline in the broad-based equity markets. During periods of rising equity markets, the goal of the AMP service is to allow Client Accounts to participate in some portion of that market rise, net of the cost of the risk management protection provided by the AMP service.

### *AMP Investment Strategy*

The AMP service provides its risk management protection by investing in any of a number of hedging and other protective investment vehicles. At the current time, the AMP service invests primarily in the Genworth Financial Contra Fund and in cash equivalents. The Contra Fund is a proprietary registered investment company for which GFWM, through its GFAM division, serves as investment adviser. The



Contra Fund primarily invests in derivative instruments, most notably equity index put options. The Contra Fund may hold both put and call equity index options, and may also invest in cash and other forms of derivatives such as equity index futures contracts.

In GMS and PMP Investment Solutions, the AMP service will be the primary source of risk management protection for those Clients who have made the election to use AMP for their Accounts.

#### *Risks of the AMP service*

##### *No Guarantee Expressed or Implied*

The phrase “risk management protection” or simply “protection” should in no way be regarded as a guarantee against losses or even the mitigation of losses. Similarly, the word “participation” should in no way imply positive gains in a Client Account during periods of rising equity markets. GFAM may or may not be successful in achieving the investment objective of the AMP service in any individual calendar year. The primary goal of the AMP service is some degree of mitigation of losses during falling equity markets (and participation in gains during rising markets), but this is not a guarantee.

##### *Correlation Risk*

The value of the holdings of the AMP service is intended to rise as the broad-based equity market declines. GFAM generally uses the S&P 500 as a benchmark for the AMP service in determining whether it is performing as intended. GFAM may, from time to time and as market conditions shift, adjust the benchmark for AMP, in order to target the AMP service more closely to the assets generally held in Client Accounts. GFAM may adjust the AMP benchmark by incorporating other market indices, such as those of smaller capitalization companies and/or of global equity markets. However, not all Client Accounts may perform similarly to GFAM’s AMP benchmark. To the extent that the assets and performance of Client Accounts differ from GFAM’s AMP benchmark, Client Accounts may not receive the same degree of risk management protection from the AMP service when the AMP benchmark declines.

##### *Performance Measurement of the AMP Service*

The goal of the AMP service is to mitigate the declines in a Client’s Account during downturns in the AMP equity benchmark. However, consistent with the objective of the AMP service to provide risk management protection only against “severe and sustained” declines in the equity markets, GFWM measures the performance and success of the AMP service on a calendar year basis. The AMP service should not be expected to mitigate losses occurring over short periods of time, nor should the AMP service be expected to mitigate losses occurring from market declines that are relatively small or minor.

##### *Risk/Return “Drift” in the AMP Service and the Postponement Option*

GFAM will periodically review and may subsequently adjust the level of exposure to the AMP service in Client Accounts. These reviews may be conducted as a result of known changes in the underlying concentration of the Contra Fund, or they may be performed simply as part of a risk management review of Client Accounts.

Between the times that the level of exposure to the AMP service is adjusted, and usually as the result of a significant equity market movement, the risk/return characteristics of the AMP service may drift substantially from the characteristics the AMP service had at the

time it was most recently reset. This is particularly true for the GMS and PMP Investment Solutions.

Clients should be aware that opening an Account in a GMS or PMP Investment Solution between the times that the AMP service is reset could result in a risk profile significantly different from the risk profile of that Account at the time of reset. For example, if the equity market declines substantially from the time the AMP service was last reset for Accounts in a GMS or PMP Investment Solution, an Account opened at that point in time may experience significantly reduced participation in any subsequent market rise between the time the Account was opened and the time of the next AMP service is reset. Similarly, if the equity market has risen significantly since the time of the last AMP service reset, an Account opened at that point in time may experience significantly reduced protection against any further market declines until the next AMP reset.

Clients opening a new Account in a GMS or PMP Investment Solution that have selected the AMP service as their risk management protection strategy may elect to postpone the investment of their assets until the next periodic reset of the AMP service. Any cash deposits received will be invested in cash equivalents until the subsequent AMP reset, and any securities received in-kind will be held until the subsequent reset as well. This “postponement option” is available only for new Client Accounts in the GMS or PMP Investment Solutions and is not available for subsequent contributions or additions to such Accounts. Account Fees will be charged while application of AMP to your account is pending.

##### *Limiting Circumstances for Participation in Upside Equity Market Movements*

The second goal of the AMP service is to allow growth in the equity portion of a Client’s Account to increase the value of the overall Account. This is the “participation” portion of GFAM’s “participation and protection” objective. Clients who elect AMP should know that the “cost” of the protection will mute returns when equity markets are increasing in value. This drag would generally result because (1) the AMP service acts contrary to the AMP equity benchmark used by GFAM to implement the AMP service, and (2) the cost of the hedging vehicles used in the AMP service may, from time to time, increase, particularly in declining equity market conditions. As a result, a Client’s Account will not mirror the performance of the overall equity market. Portfolios with AMP may fall while the overall equity market is rising in certain time intervals, and may fall more than the overall equity markets in certain intervals. It should also be noted that a consistent pattern has been observed in the market that the cost of the AMP service rises and stays high for extended periods of time following periods of rapid or sustained equity market decline.

##### *Disclosure of Conflicts of Interest*

GFWM will receive management fees as investment adviser to the Contra Fund, currently the primary component of the AMP service. Such management fees are in addition to the fees GFWM receives as the Platform administrator.

## **5. GFAM INVESTMENT MANAGEMENT STAFF**

Robert J. Bannon, born in 1957, is Senior Vice President, Investments of GFWM. Previously, he was Chief Risk Officer for AssetMark Investment Services, Inc. from 2007 to 2008, and from 2004 to 2007 Mr. Bannon was an independent consultant. Prior to that, from 2001 to 2004, he was CEO of Eureka Investment Advisors. Mr. Bannon

received a Bachelor's Degree in Economics in 1980 from Villanova University, and an Master's Degree in Economics in 1983 from the University of California, Los Angeles. He also earned his Chartered Financial Analyst designation in 1998.

Timothy B. Knepp, born in 1957, is Chief Investment Officer for Genworth Financial Asset Management, a division of GFWM. Previously, from January through December 2007 Mr. Knepp was an independent consultant. Prior to that, from 2003 to 2006, he was Vice President, Director of Manager Research & Due Diligence for Genworth Financial Asset Management. Mr. Knepp was a Principal of the Palm Group from 1994 to 2002. He received a Bachelor's Degree in Finance in 1981 from the University of Maryland, College Park. He also earned his Chartered Financial Analyst designation in 1986.

## 6. ADDITIONAL ACCOUNT DISCLOSURES

### *Trade execution*

GFAM will generally direct most, if not all, transactions to the Account Custodian. If the selected Custodian is GFTC, generally most, if not all transactions will be directed to Fidelity Brokerage Services LLC and/or National Financial Services LLC, or other broker-dealers selected by GFAM and contracted by GFTC. If the Account is invested in a GFAM IMA and/or UMA Investment Solution, the selected broker-dealers will be paid through amounts collected as part of the GFAM Advisory Fee charged the Account and, therefore, generally, transaction-based commissions will not be charged to the Account for execution services. In certain circumstances, better execution may be available from broker-dealers other than the broker-dealer(s) generally used by the Client's selected Custodian. GFAM, may determine to trade outside the selected broker-dealer(s) and, in such a case, the Account may be charged for the trade execution. GFAM may combine purchase and sale transactions for a security into a single brokerage order. This aggregation process could be considered to result in a cross transaction among affected accounts.

### *Proxy Voting and Class Actions*

The Client designates GFAM as their agent to vote proxies on securities in the Account and make all elections in connection with any mergers, acquisitions and tender offers, or similar occurrences that may affect the assets in the Account. Client acknowledges that as a result of this voting designation they are also designating the GFAM as their agent to receive proxies, proxy solicitation materials, annual reports provided in connection with proxy solicitations and other materials provided in connection with the above actions relating to the assets in the Account. However, the Client retains the right to vote proxies and may do so by notifying GFAM in writing of the desire to vote future proxies. Additionally, this designation of GFAM to vote proxies and the Client's right to vote proxies may not apply to securities that may have been loaned pursuant to a securities lending arrangement despite efforts by GFAM to retrieve loaned securities for purposes of voting material matters.

If shares of the Genworth Financial Contra Fund, or the Proprietary/Affiliated Funds are held in an Account for which GFAM acts as Discretionary Manager, GFAM will vote 100% of the shares over which it has voting authority according to instructions it receives from its Clients, which are the Fund's beneficial shareholders. GFAM will vote shares with respect to which it does not receive executed proxies in the same proportion as those shares for which it does receive executed proxies. This is known as "mirror voting" or "echo voting."

### *Class Actions and similar actions*

In all instances the Client shall make any and all elections with regard to participation in class actions, notices regarding bankruptcies and similar elections.