

**Item 1 – Cover Page**

UNIONBANC INVESTMENT SERVICES LLC

445 South Figueroa Street, Second Floor

Los Angeles, CA 90071

(800) 634-1100

[unionbank.com/invest](http://unionbank.com/invest)

Personal Portfolio Solutions

Wrap Fee Program Brochure

November 1, 2012

This wrap fee program brochure provides information about the qualifications and business practices of UnionBanc Investment Services LLC (“UBIS”). If you have any questions about the contents of this brochure, please contact us at (800) 634-1100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

UnionBanc Investment Services LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about UnionBanc Investment Services LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

There are no material changes being reported under this item since a prior version of the Personal Portfolio Solutions Wrap Fee Program Brochure dated November 1, 2012, is not available.

## Item 3 – Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents.....	ii
Item 4 – Services, Fees and Compensation .....	1
UBIS Investment Advisory Business .....	1
Personal Portfolio Solutions Program .....	1
Personal Portfolio Solutions Program Fees.....	1
Information about Wrap Fees .....	2
Fees and Other Expenses Excluded from Personal Portfolio Solutions Program Fees .....	3
Fee Refunds upon Termination of Personal Portfolio Solutions Program Accounts.....	3
Non-Aggregation of Client Fees for Multiple Programs or Accounts .....	3
Other UBIS Compensation and Incentives.....	3
Non-advisory Reporting Services .....	4
Item 5 – Account Requirements and Types of Clients .....	5
Item 6 – Portfolio Manager Selection and Evaluation .....	5
Performance-Based Fees and Side-by-Side Management .....	6
Methods of Analysis, Investment Strategies, and Risk of Loss .....	6
Voting Client Securities .....	8
Item 7 – Client Information Provided to Portfolio Managers .....	8
Item 8 – Client Contact with Portfolio Managers .....	8
Item 9 – Additional Information .....	8
Disciplinary Information .....	8
Other Financial Industry Activities and Affiliations.....	8
Code of Ethics .....	10
Participation or Interest in Client Transactions and Personal Trading.....	10
Review of Accounts .....	11
Reports to Clients .....	11
Client Referrals.....	11
Best Execution .....	12
Trade Errors .....	12
Financial Information .....	13

## **Item 4 – Services, Fees and Compensation**

### **UBIS Investment Advisory Business**

UBIS is an investment adviser registered with the SEC and is a wholly-owned subsidiary of Union Bank, N.A. ("Union Bank"), a national bank regulated by the Office of the Comptroller of the Currency. UBIS' and Union Bank's ultimate parent company is Mitsubishi UFJ Financial Group, Inc. ("MUFG"), a Japanese-based financial institution. Please refer to Item 9, "Additional Information," for additional information regarding UBIS' affiliates.

UBIS provides investment advisory services to clients through three programs. These are the HighMark Managed Solutions Program, the Managed Account Solutions Program and the Personal Portfolio Solutions Program. UBIS sponsors the Personal Portfolio Solutions Program ("PPSP") to which this Wrap Fee Program Brochure exclusively applies. Please consult your UBIS Senior Financial Advisor or other authorized UBIS representative ("SFA") or refer to the UBIS Brochure for information related to UBIS' other investment advisory programs.

National Financial Services LLC ("NFS"), UBIS' brokerage clearing firm, provides transaction execution, clearance, settlement, custody and related services in connection with the PPSP. The PPSP technology platform is administered by Envestnet Asset Management, Inc. ("Envestnet"), an SEC-registered investment adviser. Envestnet does not provide advisory services and is not responsible for the selection of the specific investment choices made under the PPSP. NFS holds an ownership interest of less than five (5) percent in Envestnet. NFS and Envestnet are not affiliated with UBIS.

Including its predecessor organizations, UBIS has been in business as a broker-dealer since 1983 and began offering investment advisory services as a registered investment adviser in 1999. As of October 31, 2012, client assets managed by UBIS under its discretionary investment advisory programs were \$ 448,115,431.76. The PPSP is a non-discretionary investment advisory program that is available as of November 1, 2012.

### **Personal Portfolio Solutions Program**

The PPSP is a client-directed advisory program in which UBIS and its SFAs offer investment advice and provide continuing supervision of client assets in accordance with the client's investor profile and written investment guidelines. Clients retain discretion over each account; therefore each SFA is required to receive client consent before acting on investment advice or conducting any transaction in an account. Only open-end mutual funds and exchange-traded funds (each an "ETF") are eligible for purchase in a PPSP account.

### **Personal Portfolio Solutions Program Fees**

Clients who participate in the PPSP are charged an asset-based bundled fee or wrap fee each calendar quarter for the combined investment advisory, custody, brokerage and other services provided under the PPSP. This bundled fee or wrap fee is also referred to as "Program Fee" throughout this brochure. Clients must pay the quarterly Program Fee in advance of the quarter to which the fees apply. Envestnet determines the quarterly Program Fee at the beginning of each quarter by applying the Personal Portfolio Solutions Program Fee Schedule below to the value of client assets on the last business day of the prior calendar quarter. Envestnet determines the value of client assets invested in the PPSP using readily available values from a

nationally recognized pricing service. If the value of the client's account falls below the minimum requirements for the program, the Minimum Annual Account Fee, which is typically greater than the Annual Fee on an annual percentage basis, will be applied.

Personal Portfolio Solutions Program Fee Schedule	
Account Size	Annual Fee
First \$250,000	1.50%
Next \$250,000	1.25%
Next \$500,000	1.00%
Next \$1,000,000+	.75%
Minimum Annual Account Fee - \$120	

Investnet will calculate the initial Program Fee for the first calendar quarter (or part thereof) in which the client participates in the PPSP on a pro-rated basis based on the number of calendar days in the partial quarter and depending on when in the calendar quarter the account is opened. Clients are required to pay Program Fees by deductions directly from the cash balance in their account(s). For this purpose, clients must authorize NFS to deduct the Program Fees from their account as part of the client's investment advisory agreement. If the client account does not have sufficient cash balance to pay the Program Fees, securities positions in the account will be liquidated to pay for Program Fees. Clients may incur transaction costs and could create tax consequences when securities positions in the account are liquidated to pay for Program Fees or other expenses. Program Fees paid by clients will be allocated to UBIS, Investnet and NFS pursuant to an agreement between them. Between 30 to 55 percent of the fees allocated to UBIS will generally be paid to SFAs for their services provided under the PPSP based on the agreement between UBIS and the SFA.

Investnet applies the Personal Portfolio Solutions Program Fee Schedule to the value of the client's assets in each UBIS investment advisory program or account separately. Client assets invested in multiple UBIS investment advisory programs or accounts will not be aggregated for fee calculation purposes. Please refer to "Non-Aggregation of Client Fees for Multiple Programs or Accounts" section below and to the Personal Portfolio Solutions Program Terms and Conditions for additional information about fees for assets invested in multiple UBIS investment advisory programs or accounts.

In certain circumstances, at UBIS' discretion, fees may be negotiated. The client's specific Program Fee will be included in the client's agreement with UBIS.

### **Information about Wrap Fees**

Clients in the PPSP, who pay an asset-based bundled fee or wrap fee for a variety of services, such as the Program Fees, may pay more or less for those services than if they purchased the services on a separate 'unbundled' basis. Factors that bear upon the cost of services paid for through a wrap fee include, among other things, the type and size of the account, the type of assets purchased for the account, the historical and/or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account. A client may be able to obtain from UBIS, as a broker-dealer, or from other financial firms some or all of the types of services offered through the PPSP on a separate

'unbundled' basis. In addition, the wrap fees may be more or less than fees charged by UBIS or other financial firms for other comparable investment advisory programs. Due to the possibility of receiving higher fees, SFAs may have a financial incentive to recommend the PPSP over the purchase of such services on a separate and 'unbundled' basis or over an alternative investment advisory program.

### **Fees and Other Expenses Excluded from Personal Portfolio Solutions Program Fees**

Brokerage commissions imposed by broker-dealers other than NFS, markups, markdowns, or spreads, and fees for certain service requests such as wire or delivery instructions, check handling, legal processing, and outgoing transfers are excluded from the Program Fee and are therefore additional costs to the client. Furthermore, client assets in the PPSP will be invested in mutual funds or ETFs that may charge operating expenses, management fees, distribution fees, redemption fees or other fees and expenses as described in each applicable prospectus or in the related disclosure document. These fees and expenses are a cost to the client's account in addition to the Program Fees described in this section.

### **Fee Refunds upon Termination of Personal Portfolio Solutions Program Accounts**

If the client or UBIS terminates the client's account, a refund of any prepaid, unearned Program Fees and other fees will be made to the client, and any unpaid, earned Program Fees and other fees will be due and payable by the client. The client is responsible for paying fees associated with any transactions that are executed before UBIS' receipt of the client's written notice of cancellation.

### **Non-Aggregation of Client Fees for Multiple Programs or Accounts**

Because advisory fees are assessed on assets invested in each UBIS investment advisory program or account separately and assets generally are not aggregated for fee assessment purposes, it is possible that a client's total fees may be greater and a client's overall return less, when a client invests in more than one UBIS investment advisory program or account than if a client invested all of their assets in a single program or account. This also means that UBIS' compensation may be greater when clients invest in more than one type of program or account than if a client invested in a single program or account.

### **Other UBIS Compensation and Incentives**

#### **Compensation from Product Sponsors**

UBIS, and its related persons, have arrangements with mutual funds and other product sponsors or their affiliates pursuant to which UBIS or its related persons may receive one or more of the following types of compensation: sales commissions, shared revenue (or other payment) for sales of certain investment products and/or fees for selling mutual funds or providing services to mutual funds shareholders. UBIS may recommend some of these mutual funds or securities products to an advisory client or include them in a client's PPSP account. These financial incentives may create a conflict between the interests of UBIS and the interests of the client. UBIS makes investment recommendations independently and not based on the interest of any related person. Clients may be able to purchase some of the investment products that UBIS recommends through other brokers or agents that are not affiliated with UBIS.

## Fees Paid by UBIS to NFS

NFS charges UBIS fees to provide transaction execution, clearance, settlement, custody and related services for UBIS' advisory clients. NFS may reduce the amount of these fees when the collective amount of UBIS client's assets under management increases and reaches pre-determined dollar amounts. There would be modest financial benefits to UBIS as the amount of assets under management increase to the pre-determined amounts. This financial benefit may create a conflict of interest.

## Sales Contests

UBIS may occasionally offer sales contests incentives to its financial advisors for opening new advisory business. To be eligible for these incentives, the SFA must consider the new advisory relationship suitable for the client and in the client's best interest. In general, the SFA must also generate a minimum amount of new investment advisory business during a specified period of time to be eligible for incentives. Eligibility for these incentives is not based on requirements that third parties impose on UBIS or with respect to SFAs. SFAs who qualify for these incentives may receive UBIS-sponsored trips, monetary compensation, gifts and other prizes. Certain third parties may pay for permissible non-cash compensation, such as business entertainment, in the course of the UBIS- sponsored trip or event.

## Non-Cash Compensation

UBIS employees may occasionally receive gifts of nominal value (limited to less than \$100 each calendar year) from mutual funds, product sponsors or their affiliates. Certain mutual funds, product sponsors or their affiliates may also invite UBIS employees to training/educational events or host reasonable business entertainment that are deemed necessary and/or customary industry practices. These gifts, training and entertainment events may be provided by mutual fund companies or providers of securities products that may be recommended to an advisory client or included in a PPSP account.

## Non-advisory Reporting Services

Clients may elect to receive reporting services with respect to their assets held in securities accounts outside of the PPSP, and which are maintained with NFS or certain custodians with whom NFS has established interfaces for reporting purposes. This service allows clients to receive a single statement that includes their assets that are invested through UBIS' investment advisory programs and assets held elsewhere for which advice through the UBIS investment advisory programs is not provided. Fee rates for this service are listed below. UBIS does not and will not provide any investment advice, asset allocation or rebalancing services with regard to assets covered by the separate reporting services feature. Clients have no obligation to choose the reporting services to participate in the PPSP.

Non-advisory Reporting Service Fee Schedule	
Account Size	Annual Fee
First \$500,000	0.10%
Next \$500,000	0.07%
Next \$1,000,000+	0.03%
Minimum quarterly fee - \$30	
Miscellaneous Fees	
Manual entry of cost basis data at set up \$1 / tax lot	
Manual entry of historical data \$100 / hour	

## Item 5 – Account Requirements and Types of Clients

UBIS generally provides advisory services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable organizations, and businesses.

For clients that invest through the PPSP, UBIS requires a minimum account size of \$100,000. At UBIS' sole discretion, account minimums may be negotiated. If the market value of the client's assets in an account falls below the applicable minimum, UBIS may require the client to provide additional money or securities for the account. If a client does not meet the account minimum, UBIS may terminate the advisory relationship and close the account or convert it to a commission-based brokerage account.

UBIS does not support excessive short-term trading of mutual funds or ETFs in PPSP accounts. Certain mutual funds may also impose short-term trading policies that could impact UBIS' ability to rebalance, liquidate, deposit or conduct other transactions that may be requested by a client. Redemption fees that are additional costs to the client may also be assessed by mutual funds to discourage short-term trading. Clients should review each applicable mutual fund prospectus or disclosure document for policies regarding short-term trading and redemption fees. Clients should also understand that extended periods of inactivity in PPSP accounts could lead to higher fees than if commissions were paid for each transaction through a brokerage account. UBIS reserves the right, but is not obligated to, close a PPSP account or convert it to a commission-based brokerage account based on trading activity in the account.

Clients may request reasonable instructions and/or restrictions on their accounts subject to UBIS' approval and acceptance. Restrictions cannot be imposed on the management of a mutual fund or ETF, including the selection of underlying securities within a mutual fund or ETF.

UBIS, at its sole discretion, may terminate or decline to enter an advisory relationship under the PPSP at any time and for any reason including but not limited to the reasons outlined in the Client's agreement with UBIS. Either UBIS or the client can terminate an advisory relationship and/or close an account upon 30 days prior written notification to the other party.

## Item 6 – Portfolio Manager Selection and Evaluation

The client's SFA will serve as the portfolio manager for the client's account under the PPSP. UBIS requires that the SFA who serve as portfolio managers have an appropriate business and educational background. Although there are no set credentials that these SFAs must possess, UBIS generally expects them to have a college degree and have experience in investment

analysis or portfolio management. A Master's Degree in Business or Finance, or other graduate degree in a relevant field is desirable but not required. Appropriate work experience may be substituted for educational degrees. In addition, any SFA involved with providing investment advice to clients must have obtained passing scores on licensing examinations as may be required in any jurisdiction where UBIS provides advisory services.

UBIS Regional Sales Managers (each an "RSM") and Regional Principals oversee each SFA's investment advisory activities. The RSMs and Regional Principals confirm that the SFA perform advisory account reviews and contact their clients at least annually. This process seeks to ensure that each SFA offers investment advice and provides continuing supervision of client assets in accordance with the client's investor profile and written investment guidelines. In addition, the RSM oversees that SFAs perform their duties in compliance with applicable laws and the policies and procedures established by UBIS. The UBIS Compliance Department supports the RSM's supervisory function by periodically reviewing the SFA's activities for compliance with applicable laws and UBIS internal policies and procedures. If it is determined that an SFA is unable to serve the best interest of a client, UBIS may disallow the SFA to serve as the portfolio manager for a client account. Disciplinary action may also be taken when a material violation or exception to applicable laws or UBIS policies and procedures is identified.

### **Performance-Based Fees and Side-By-Side Management**

UBIS does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Methods of Analysis, Investment Strategies and Risk of Loss**

The SFA will create an investor profile based on the client's stated investment objectives, goals and income needs, time horizon, risk tolerance, related financial circumstances, as well as any reasonable restriction that the client may wish to impose on their account. The investor profile will allow the SFA to assist the client in selecting an investment advisory program and/or investment portfolio that is suitable for the client's investment needs. SFAs primarily conduct a qualitative and quantitative review of their investment recommendations by using information that may be gathered from mutual fund and ETF sponsor materials, industry resources, and research/financial tools from third parties including HighMark Capital Management, Inc. and other affiliates of UBIS.

On a periodic basis, each SFA reviews the performance of the client's investments and the investor profile, including any updated information provided by the client, to help the client determine if the client's selected program and/or investment portfolio remains appropriate.

Each SFA offers investment advice to a client based on each client's unique investor profile. As a result, an SFA may recommend the purchase of a mutual fund or ETF to one client and recommend the sale of the same mutual fund or ETF to another client.

Some of the more common risks involved when investing in mutual funds, ETFs or the PPSP in general are listed below. Depending on the specific mutual funds or ETFs used in an account, clients may be exposed to additional and/or heightened risks. Clients should review each applicable mutual fund prospectus or disclosure document for the specific risks related to their investments.



**Market Risk:** The risk that a security's market value may decline, especially rapidly and unpredictably for short or extended periods. These fluctuations may cause a security to be worth less than the price the client originally paid for it. Market risk may affect a single issuer, industrial sector or the market as a whole.

**Liquidity Risk:** The risk that a security may be difficult or impossible to sell at the time and price the client wishes. The client may have to accept a lower price for the security, sell other securities instead, or forego a more attractive investment opportunity.

**Credit Risk:** The risk that the issuer of a security, or the counterparty to a contract, will default or otherwise become unable to honor a financial obligation. Generally speaking, the lower a security's credit rating, the higher its credit risk. If a security's credit rating is downgraded, its price tends to decline sharply, especially as it becomes more probable that the issuer will default.

**Interest Rate Risk:** The risk that debt prices overall will decline over short or even long periods due to rising interest rates. Interest rate risk usually is modest for shorter-term securities, moderate for intermediate-term securities, and high for longer-term securities.

**Reinvestment Risk:** The risk that the proceeds, dividends, or interest that may be generated from an investment are reinvested in a security that offers a lower rate of return compared to the returns generated by the original investment.

**Non-diversification Risk:** The risk involved with excessive exposure to securities in any one, issuer industry or sector.

**Management Risk:** The risk that a strategy or investment technique used by a mutual fund manager (or recommended by an SFA to a client) may fail to produce the intended result or achieve its investment objective.

**Tax Risk:** The risk of unfavorable tax consequences to a client that could result from the administration of a client account pursuant to the advisory services described in this brochure and the Personal Portfolio Solutions Program Terms and Conditions.

**Exchange-Traded Funds Risk:** ETFs charge their own fees and expenses; thus, mutual funds that invest in ETFs will bear extra costs, such as duplicative management fees, brokerage commissions and related charges. In addition, there may from time to time be a significant discrepancy between its net asset value calculated at the end of each trading day and the price at which the ETF trades on an exchange. There can be no guarantee that an ETF will achieve a high degree of correlation with its index which could prevent an ETF from achieving its objective.

***Investments in PPSP accounts are: 1) NOT insured by the FDIC or by any other government agency; 2) NOT Bank deposits; 3) NOT guaranteed by Union Bank or any of its affiliates; and, 4) involve risks, including the possible loss of principal, a risk that clients should be prepared to bear.***

## **Voting Client Securities**

Clients retain the authority and responsibility to vote proxies and to act on any legal proceedings related to securities held in the PPSP. UBIS and SFAs will not accept the authority to vote, or render advice on, proxy solicitations or legal proceedings related to securities held in the PPSP. UBIS will forward to the client, or any other party designated by the client, all proxy-related materials and other materials from an issuer of a security that is held by the client under the PPSP. Clients may contact their SFA for general information only regarding issuer materials.

## **Item 7 – Client Information Provided to Portfolio Managers**

In order for an SFA to create an appropriate investor profile, clients must provide information about their investment objectives, goals and income needs, time horizon, risk tolerance, related financial circumstances, as well as any reasonable restriction that the client may wish to impose on their account. The investor profile will allow the SFA to assist the client in selecting an investment advisory program and/or investment portfolio that is suitable for the client's investment needs.

Clients should immediately inform their SFA when their investment objectives or financial circumstances change or if they would like to place or update reasonable restrictions to their account.

Clients should understand that the submission of new account documentation and the request to establish an account under the PPSP is not considered a market order. While UBIS strives to process every new account promptly, the establishment of a client account is subject to the approval of UBIS and customary administrative processes that could delay the investment of client funds.

## **Item 8 – Client Contact with Portfolio Managers**

The client's SFA will serve as the portfolio manager for the client's account under the PPSP. Clients may freely contact their SFA regarding their accounts in the PPSP. Clients will be informed on a quarterly basis to contact their SFA when their investment objectives or financial circumstances change or if they would like to place or update reasonable restrictions to their account.

## **Item 9 – Additional Information**

### **Disciplinary Information**

UBIS has not been involved in legal or disciplinary events that are material to its advisory business or the integrity of its management.

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

UBIS is also registered as a broker-dealer with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority. As a broker-dealer, UBIS may buy or sell for its clients a variety of securities and securities products, including common stocks, bonds, and mutual funds. Certain financial advisors of UBIS may also sell fixed annuities and

variable annuities through an affiliated insurance agency, UnionBanc Insurance Services, which is a division of Union Bank. UBIS does not believe that its dual registration as a registered investment adviser and broker-dealer creates a material conflict of interest with clients.

## Related Persons and Material Arrangements

As noted in Item 4, "Services, Fees and Compensation," UBIS is a wholly owned subsidiary of Union Bank. UBIS is a limited liability company of which Union Bank is the sole member. Union Bank is the principal subsidiary of UnionBanCal Corporation ("UNBC"), a bank holding company regulated by the Federal Reserve Board. UNBC is wholly owned by The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU") headquartered in Japan. BTMU is a wholly owned subsidiary of MUFG.

UBIS' ultimate parent, MUFG, beneficially owns approximately 22.4 percent common stock of Morgan Stanley, the parent company of several registered broker-dealers, including Morgan Stanley & Co. Incorporated ("MS&Co."), among other businesses. MUFG is also represented by two seats on the Morgan Stanley board of directors. U.S. regulatory authorities have given MUFG permission to ultimately increase its common stock holding in Morgan Stanley to 24.9%. The fact of MUFG's beneficial ownership in Morgan Stanley may limit UBIS' ability to recommend purchase of an interest in a Morgan Stanley sponsored or advised asset or use MS&Co. brokerage services for client accounts, without the client's written consent, and in some cases may wholly prevent such recommendations and the use of MS&Co. brokerage services. Notwithstanding the foregoing, UBIS does not consider MUFG's investment in MS&Co.'s parent company an arrangement that is material to its advisory business or clients, and UBIS does not believe that the relationship creates a material conflict of interest with UBIS investment advisory clients.

HighMark Capital Management, Inc. ("HighMark"), an SEC-registered investment adviser, is a wholly owned subsidiary of Union Bank, and as such is under common control with UBIS. UBIS' relationship with HighMark creates a material conflict of interest with clients under the PPSP. Therefore, UBIS will not recommend or allow clients to hold or purchase any HighMark sponsored or advised assets, including HighMark mutual funds, in PPSP client accounts. HighMark makes available research/financial tools that UBIS and its SFAs may use as described under Item 6, "Portfolio Manager Selection and Evaluation," of this brochure. HighMark does not receive compensation for the research/financial tools they make available under the PPSP.

HighMark may pay UBIS in its capacity as a broker-dealer for marketing support, sale, distribution or servicing of shares of the HighMark mutual funds. In addition, certain investment model portfolios and separate account strategies that are managed by HighMark are available through the Managed Account Solutions Program. Highmark also manages the HighMark Managed Solutions Program which UBIS discontinued offering to new clients effective January 12, 2012. Please consult your SFA or refer to the UBIS Brochure for information related to UBIS' other investment advisory programs and the conflicts of interest that may be applicable to those programs.

UBIS' Board of Managers is comprised of UBIS and Union Bank employees and it manages the business affairs of UBIS and exercises all of its powers. UBIS employees are also employees of Union Bank. Union Bank provides a variety of administrative services to UBIS, such as human resources and corporate accounting functions. Union Bank serves as the custodian for certain

UBIS brokerage accounts, individual retirement accounts and ERISA retirement accounts that are invested through UBIS' investment advisory programs. Union Bank also provides safekeeping services with respect to UBIS' institutional broker-dealer business. Union Bank may also make general client referrals to UBIS and UBIS may refer clients to Union Bank for banking-related services.

UBIS does not, as principal, broker, or agent, effect securities transactions for the PPSP accounts. PPSP clients may also be broker-dealer clients of UBIS, and UBIS may effect securities transactions as principal, broker, or agent for such broker-dealer clients with respect to assets that are outside of the PPSP. In addition, certain related persons of UBIS, such as BTMU, Mitsubishi UFJ Securities (USA), Inc. and Union Bank may, from time to time, buy securities from or sell securities to mutual clients pursuant to the separate relationships that the related persons may have with such clients. Furthermore, UBIS may enter into referral agreements with its related persons whereby such related persons may compensate UBIS for the referral of clients to such related persons. The related persons engage in these activities in a manner that is consistent with customary commercial practice and applicable federal and state regulations. These activities of UBIS' related persons are not connected to UBIS' investment advisory business.

#### **General Partner of Investment Partnership**

UBIS does not generally serve as a general partner of any investment related partnership, and UBIS does not solicit clients to invest in any partnership in which it may serve as a general partner. UBIS also does not solicit its clients to invest in any partnership in which a related person, such as Union Bank or BTMU, is a general partner. The related person could, however, solicit someone, who may also be a client of UBIS, to invest in one of these partnerships due to the separate relationship that the related person may have with the client.

#### **Code of Ethics**

UBIS employees' personal securities transactions and certain activities may raise potential conflicts with the interests of UBIS clients. In compliance with the Investment Advisers Act of 1940, UBIS has adopted a Code of Ethics to mitigate such potential conflicts of interest. The Code of Ethics establishes rules of conduct for all employees of UBIS and is designed to, among other things, govern personal securities trading activities in the accounts of employees. The Code is based upon the principle that UBIS and its employees owe a fiduciary duty to UBIS' clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. All of UBIS' officers, directors and employees are subject to UBIS' Code of Ethics provisions requiring that they place the interests of UBIS' clients before their own personal interests. UBIS will provide a copy of the UBIS Code of Ethics to clients who request it. Clients may request a copy of UBIS' Code of Ethics by contacting their SFA or the UBIS Help Desk at 800.634.1100.

#### **Participation or Interest in Client Transactions and Personal Trading**

It is possible that UBIS, its related persons and/or its employees will have a material financial interest in the securities and securities products that are recommended by SFAs. Similarly, it is possible that UBIS, its related persons and/or its employees will purchase and sell securities

and securities products that may be recommended to clients under the PPSP. UBIS' employee's compliance with UBIS' Code of Ethics and UBIS' implementation of policies and procedures help identify and address actual or potential conflicts of interest resulting from securities transactions for UBIS clients. These policies generally require UBIS employees to maintain their brokerage accounts at UBIS so that they can be reviewed by UBIS' compliance personnel. In addition, UBIS' Code of Ethics requires UBIS personnel with access to UBIS' advisory clients' accounts to submit periodic reports of their personal brokerage accounts and those of their family members over which they have control to UBIS' compliance for review of transactions and holdings in their accounts.

## **Review of Accounts**

The SFA for each respective client account reviews the performance of the client's investments and investor profile, including any updated information provided by the client, to help the client determine if the client's selected program and/or investment portfolio remains appropriate. The SFA for the client account contacts the client at least annually to confirm, among other things, that the client's investor profile and account restrictions have not changed. More frequent reviews may be triggered by factors such as material changes in the client's investor profile, the securities markets, or the political and economic environments.

## **Reports to Clients**

NFS, the custodian for client accounts invested through the PPSP, sends clients a written custodial account statement at least quarterly. The custodial account statement shows an inventory of securities, including as-of-date market values, cash balances, fees and expenses charged to the client's account and account activities during the most recent quarter or applicable period.

UBIS provides each PPSP client with a written quarterly performance report with investment commentary and investment performance information.

UBIS urges advisory clients to carefully review their custodial account statements and to compare the information on the statements from the custodian with the information on the performance reports they receive from UBIS. Differences in investment positions and valuations may be caused by differences in the use of accounting methods, reporting dates, and sources of information. Clients may request additional information and/or assistance by contacting their SFA or the UBIS Help Desk at 800-634-1100.

## **Client Referrals**

### **Compensation for Client Referrals to UBIS**

Certain Union Bank employees who are also employees of UBIS and who have obtained certain securities licenses ("licensed bankers") may receive referral compensation with respect to their referrals of new clients to UBIS for broker-dealer, investment advisory, or other financial services ("Licensed Banker Program"). If a referred client establishes an advisory account, the licensed banker will receive compensation from UBIS based on the amount of the advisory fees paid by the client for a specified period of time. The referral fees paid to the licensed banker do not entail an additional cost to the client; the same investment advisory fee schedules, as

described above, apply to the new client's account as when there is no referral incentive. These referrals are conducted pursuant to a written agreement between UBIS and each licensed banker and in accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940. The referral fee incentive may create a conflict between the interests of the licensed banker, UBIS, and the client. UBIS addresses this conflict by reviewing the suitability of the respective advisory program for the client.

Union Bank also maintains a program which compensates bank employees with a one-time fixed nominal fee for their client referrals to UBIS. This referral compensation is not based on whether a prospective client establishes a relationship with UBIS.

#### **Compensation for Client Referrals to Union Bank**

UBIS may refer to Union Bank clients with investable assets of \$500,000 or more who request agency/trust and asset management services for their assets and/or clients who have \$1,000,000 or more who request fully customized investment management services. UBIS or its employees do not provide investment advisory services to client assets managed by Union Bank; investment advisory services may be provided by UBIS' affiliate, HighMark, which acts as a sub-adviser to Union Bank. UBIS employees who refer clients to Union Bank for investment advisory services may receive a referral fee.

#### **Best Execution**

For the PPSP, clients authorize UBIS to designate NFS to provide custody and trade execution services for PPSP accounts. By authorizing UBIS to direct brokerage, the client may not receive best execution for transactions for its accounts. NFS provides a full range of brokerage services that are integrated with existing UBIS back-office systems and account administration processes. While NFS conducts regular reviews of client transactions for purposes of seeking best execution for PPSP accounts, their execution may not always result in the lowest purchase price or highest sale price for a security that may otherwise be available through other custody and brokerage service providers. PPSP clients additionally authorize UBIS to effect transactions for PPSP client accounts with or through another broker if UBIS believes that best execution for such transactions may be obtained through such other broker, dealer or bank, including any affiliated broker-dealer or bank.

UBIS does not receive soft dollar benefits or IPO allocations in connection with client accounts invested through the PPSP, although mutual funds, ETFs, or underlying asset managers used in the PPSP may receive these benefits as described in their prospectuses or other disclosures. Please refer to the respective mutual fund's or asset managers' disclosure documents for additional information regarding their brokerage practices.

#### **Trade Errors**

Occasionally, errors occur in the execution of transactions for client accounts. When an error occurs, UBIS will place the affected account(s) in the same position it would have been had the error not occurred. Client accounts will not bear any losses or costs associated with corrections. If a trade error results in a net gain, UBIS will retain such gains in a UBIS trade error account to offset any losses that could result from future UBIS trade errors.

**Financial Information**

UBIS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.