

UNIONBANC INVESTMENT SERVICES LLC

800 N. Brand Boulevard, 16th Floor,

Glendale, CA 91203

(800) 634-1100

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

Personal Portfolio Solutions

Wrap Fee Program Brochure

August 24, 2015

This Wrap Fee Program Brochure (“Brochure”) provides information about the qualifications and business practices of UnionBanc Investment Services LLC. 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**

Provided below is a summary of material changes to the prior version of the Brochure dated March 27, 2015.

1. Michael T. Feldman was appointed on July 10, 2015 as the Chairman of UnionBanc Investment Services LLC.
2. Dennis J. Mooradian resigned effective June 6, 2015 as the Chairman of UnionBanc Investment Services LLC.

The Wrap Fee Program Brochure may be requested by contacting your FA or the UBIS Help Desk at 800.634.1100. It is also available on our web site at [www.unionbank.com/invest](http://www.unionbank.com/invest).

## Item 3 – Table of Contents

Item 1 – Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	3
Item 4 – Services, Fees and Compensation .....	4
UBIS Investment Advisory Business .....	4
Personal Portfolio Solutions Program .....	4
Personal Portfolio Solutions Program Fees .....	4
Information about Wrap Fees .....	5
Fees and Other Expenses Excluded from PPS Program Fees .....	6
Fee Refunds upon Termination of PPS Program Accounts .....	6
Non-Aggregation of Client Fees for Multiple Programs or Accounts .....	6
Other UBIS Compensation and Incentives .....	6
Non-advisory Reporting Services .....	7
Item 5 – Account Requirements and Types of Clients .....	7
Item 6 – Portfolio Manager Selection and Evaluation .....	9
Performance-Based Fees and Side-By-Side Management .....	9
Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Voting Client Securities .....	12
Item 7 – Client Information Provided to Portfolio Managers .....	12
Item 8 – Client Contact with Portfolio Managers .....	13
Item 9 – Additional Information .....	13
Disciplinary Information .....	13
Other Financial Industry Activities and Affiliations .....	13
Related Persons and Material Arrangements .....	13
General Partner of Investment Partnership .....	14
Code of Ethics .....	15
Participation or Interest in Client Transactions and Personal Trading .....	15
Review of Accounts .....	15
Brokerage Practices .....	15
Reports to Clients .....	16
Client Referrals .....	16
Best Execution .....	17
Trade Errors .....	17
Financial Information .....	17

## Item 4 – Services, Fees and Compensation

### UBIS Investment Advisory Business

UnionBanc Investment Services LLC (“UBIS”) is an investment adviser registered with the Securities and Exchange Commission (“SEC”) and is a wholly-owned subsidiary of MUFG Union Bank, N.A. (“MUFG Union Bank”), a national bank regulated by the Office of the Comptroller of the Currency. The ultimate parent company of UBIS and MUFG Union Bank 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 two programs. These are the Managed Account Solutions Program (“MAS Program”) and the Personal Portfolio Solutions Program (“PPS Program”).

This Wrap Fee Program Brochure applies only to the PPS Program. UBIS Financial Advisors authorized to provide services may include Financial Advisors or Senior Financial Advisors, collectively referred to as Financial Advisors (“FAs”).

UBIS and its FAs may be referred to as “us,” “we” or “our,” while clients may be referred to as “you” and “your” throughout this Brochure.

UBIS has engaged National Financial Services LLC (“NFS”), a brokerage clearing firm, to provide transaction execution, clearance, settlement, custody and related services in connection with the PPS Program. The PPS Program platform tool is administered by Envestnet Asset Management, Inc. (“Envestnet”), a SEC-registered investment adviser. Envestnet does not provide investment advisory services under the PPS Program and is not responsible for the selection or recommendation of the specific investment choices made under the PPS Program. 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. UBIS’ registration with the SEC as a registered investment adviser became effective in August 2009. As of December 31, 2014, client assets managed on a non-discretionary basis under the Personal Portfolio Solutions Program were \$127,698,211.91 for 338 client accounts.

### Personal Portfolio Solutions Program

The PPS Program is a client-directed investment advisory program in which UBIS and its FAs offer investment advice and provide continuous supervision of client assets in accordance with the client’s investor profile and written investment guidelines. Clients retain discretion over each account; therefore each FA 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 PPS Program account.

### Personal Portfolio Solutions Program Fees

Clients who participate in the PPS Program are charged an asset-based bundled fee or “wrap fee” each calendar quarter for the combined clearing and custody, platform fee, and advisor fee under the PPS Program. 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 PPS Program Fee Schedule below to the value of client assets in an account on the last business day of the prior calendar quarter. Envestnet determines the value of client assets invested in the PPS Program account 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 may be 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	1.87%
Next \$250,000	1.62%
Next \$500,000	1.33%
Next \$1,000,000+	1.04%
Minimum Annual Account Fee - \$120. Annual Fees listed above are effective May 1, 2015.	

Investnet will calculate the initial Program Fee for the first calendar quarter (or part thereof) in which the client participates in the PPS Program 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 a sufficient cash balance to pay the Program Fees or other expenses, securities positions in the account may be liquidated to pay for Program Fees without client consent. Clients may incur transaction costs and there may be tax consequences when securities positions in the account are liquidated to pay for Program Fees or other expenses. Clients are solely responsible for any resulting tax liabilities and are encouraged to consult with their tax professionals regarding these types of events. Program Fees paid by clients will be allocated to UBIS, Investnet and NFS pursuant to an agreement between them. Between 23 to 50 percent of the Program Fee allocated to UBIS will generally be paid to FAs for their services provided under the PPS Program based on the agreement between UBIS and the FA.

Investnet applies the PPS 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 PPS 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 PPS Program, 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 PPS Program 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, FAs may have a financial incentive to recommend the PPS Program over the purchase of such services on a separate and 'unbundled' basis or over an alternative investment advisory program. Investment Advisory programs and brokerage services are separate and distinct, with different costs and expenses, and each is governed by different laws and legal agreements. UBIS' disclosure ***Brokerage or Advisory Account: Which is the Best Fit for You*** is included in this Brochure.

### Fees and Other Expenses Excluded from PPS Program Fees

Program Fees do not cover other charges, including commissions, dealer mark-ups or fees for portfolio transactions executed away from NFS and fees for certain service requests such as wire or delivery instructions, check handling, legal processing, and outgoing transfers and are therefore additional costs to the client. Furthermore, client assets in the PPS Program will be invested in mutual funds or ETFs that may charge operating expenses, management fees, distribution and shareholder servicing fees or "12b-1" 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 PPS 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 PPS Program 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.

Individual Retirement Accounts (each an "IRA") that are subject to the Internal Revenue Code of 1986, as amended (the "IR Code") and certain retirement plan assets that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the IR Code may be invested in securities products that pay UBIS distribution or shareholder servicing fees or "12b-1" fees. UBIS will waive, offset, or refund these fees, or portions thereof, for such IRAs and retirement plan assets in a PPS Program account to the extent required by ERISA, the IR Code or any other applicable law.

## **Fees Paid by UBIS to NFS**

NFS charges UBIS fees to provide transaction execution, clearance, settlement, custody and other 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 FAs for opening new advisory business. To be eligible for these incentives, the FA must consider the new advisory relationship suitable for the client and in the client's best interest. In general, the FA 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 FAs. FAs 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 product or service vendors including their affiliates. Certain vendors may also invite UBIS employees to training/educational events or host reasonable business entertainment events that are deemed necessary and/or customary industry practices. These gifts, training and entertainment events may be provided by vendors that may be recommended to a UBIS client.

## **Non-advisory Reporting Services**

Clients may elect to receive reporting services with respect to their assets held in securities accounts outside of the PPS Program, 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 PPS Program.

Non-advisory Reporting Service Fee Schedule	
Account Size	Annual Fee
All Account Assets	0.06%
Minimum Annual Account Fee - \$120	
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 investment advisory services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable organizations, and businesses.

For clients that invest through the PPS Program, UBIS requires a minimum account size of \$100,000. Clients should also be aware that a Minimum Annual Account Fee will be assessed on accounts that do not meet the minimum required account balance. 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 PPS Program accounts. Certain mutual funds may also impose short-term trading restrictions that could impact UBIS' ability to rebalance, liquidate, deposit or conduct other transactions that may be requested by a client. Certain mutual funds may also impose redemption fees that are additional costs to the client 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 PPS Program 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 PPS Program 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 or the applicable investment company managers ("asset managers"), including the selection of underlying securities within each investment company.

UBIS, at its sole discretion, may terminate or decline to enter an advisory relationship under the PPS Program 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.

Under certain circumstances, clients may elect to pledge or grant a security interest in the account and the assets credited thereto as collateral for an extension of credit by UBIS' affiliate, MUFG Union Bank (collectively, the "Lending Arrangements"). In the event that a client's account assets are pledged as collateral in connection with the Lending Arrangements, MUFG Union Bank may exercise certain rights and powers over the assets in the account, including the disposition and sale of any and all assets pledged as collateral for the obligations under the Lending Arrangements, which may be contrary to a client's interests and the investment objective of the account under the PPS Program. In the event of a collateral call on the account, securities may be liquidated and the proceeds thereof withdrawn from the account and, as a result, the investment strategy for the PPS Program may become disrupted because positions may be redeemed more rapidly, at significantly lower prices, at higher transaction costs, and in a less tax-efficient manner than might otherwise be desirable. Clients and their FAs may not be provided with prior notice of such a liquidation of the assets in the account and may not be entitled to choose the assets which are to be liquidated by the lender.

The costs associated with the Lending Arrangements are not included in the fees that clients pay under the PPS Program and may result in additional compensation to UBIS, MUFG Union Bank and FAs. Clients should carefully review the materials provided when entering into the Lending Arrangements and consult with their own independent tax professional in order to fully understand the tax implications associated with the Lending Arrangements. Neither UBIS nor MUFG Union Bank, provides legal, tax or accounting advice to clients. Any action taken by UBIS, MUFG Union Bank or any of their respective affiliates against the assets held in the account pursuant to the Lending Arrangements will not constitute a breach of UBIS' fiduciary duties as an investment adviser to the client under the PPS Program.



## Item 6 – Portfolio Manager Selection and Evaluation

The client's FA will serve as the portfolio manager for the client's account under the PPS Program. UBIS requires that FAs who serve as portfolio managers have an appropriate business and educational background. Although there are no set credentials that the FAs 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 FA 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 (each an "RP") oversee each FA's investment advisory activities. The RSMs and RPs confirm that the FA performs advisory account reviews and contacts their clients at least semi-annually. This process seeks to ensure that each FA offers investment advice and provides continuous supervision of client assets in accordance with the client's investor profile and written investment guidelines. In addition, the RSM oversees that FAs 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 RSM's activities for compliance with applicable laws and UBIS internal policies and procedures. If it is determined that an FA is unable to serve the best interests of a client, UBIS may disallow the FA 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 FA 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 FA to assist the client in selecting an investment advisory program and/or investment portfolio that is suitable for the client's investment needs. FAs 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. ("HCM") and other affiliates of UBIS.

For all Programs, the client and UBIS FAs compile pertinent financial and demographic information to develop an investment program that will meet the client's goals and objectives. Utilizing the Envestnet platform tools, UBIS FAs will allocate the client's assets among the different options in the program and determine the suitability of the asset allocation and investment options for each client, based on the client's needs and objectives, investment time horizon, risk tolerance and any other pertinent factors provided by the client. Envestnet uses a number of proprietary analytical tools and commercially available optimization software applications in developing its asset allocation strategies. Among the factors considered in designing these strategies are historical rates of risk and return for various asset classes, correlation across asset classes and risk premiums. For all Programs client directly owns the underlying securities, mutual funds or ETFs in each of the Program's investment strategies.

The Envestnet platform tool is not an interactive technology tool utilized by investors, but rather it is an interactive tool utilized by UBIS FAs to generate for the client's consideration a proposed Statement of Investment Selection (SIS) report based upon investor profile data provided by the client. The purpose of the SIS is to establish an understanding between the client and UBIS FA regarding the investment objectives, goals, and guidelines for the client's managed program, and to recommend, subject to client acceptance the PPS portfolio.

For clients using the PPS Program (UBIS-directed model), Envestnet provides only administrative services, does not provide advisory services and is not responsible for the specific investment choices made with respect to the UBIS-directed model. For certain types of UBIS-directed models, UBIS FAs will place trade orders pursuant to UBIS' client-direction, but neither Envestnet nor UBIS will exercise discretion over the client account. The PPS Program is a non-discretionary program in which the client retains investment discretion over the account.

The Envestnet platform tool's investment methodology utilizes core fundamentals to recommend asset allocation models, sub-manager selection, index products (typically Exchange Traded Products) and/or mutual funds which provide advanced portfolio solutions and applied research utilizing an established methodology. The methodology is based on deeply rooted investment principles including asset allocation, vehicle and investment selection and monitoring, and portfolio construction and rebalancing. Envestnet's process incorporates qualitative and quantitative analysis, including capital market assumptions and quantitative ranking models. Envestnet's full range of investment approaches include strategic, dynamic, tactical, style-specific, and overlays.

Clients should be aware that investment analysis tools and programs are subject to the investment analysis tool's limitation and assumptions and may vary with each use, a modified investor profile, and over time. Investments considered in the Envestnet program analysis undergo a rigorous screening process wherein Envestnet ranks all mutual funds and Separately Managed Account portfolios quarterly within each Envestnet peer group over trailing periods. For ETFs, Envestnet identifies a list of best in-class beta exposures. The platform tool selects certain securities, asset allocation models, and sub-managers based upon their current participation in the Envestnet program. It is possible that other investments, asset allocation models, or sub-managers not participating in Envestnet's program may have characteristics similar or superior to those being analyzed. **IMPORTANT: Projections or other information generated by the Envestnet SIS program regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.**

On a periodic basis, each FA 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 FA offers investment advice to a client based on each client's unique investor profile. As a result, an FA 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.

**Investing in securities involves the risk of loss.** Some of the more common risks involved when investing in mutual funds, ETFs or the PPS Program 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. The following are some principal risks of investing in securities, both directly in a mutual fund or ETF or indirectly through a fund's investment in securities:

**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.

**Counterparty Risk:** The risk that the counterparty to a repurchase agreement, futures contract, swap agreement or other similar instrument may not fulfill its obligation which may cause the income and the value of the investment to decline sharply.

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

**Foreign Investments:** Compared with investing in the United States, investing in foreign markets involves a greater degree and variety of risk including the possibility of delayed settlements, currency controls, tax implications, adverse economic developments, and higher overall transaction costs. In addition, fluctuations in the U.S. dollar's value may erode or reverse gains from investments denominated in foreign currencies or widen losses.

**Exchange-Traded Funds:** 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.

**Alternative Investments:** Alternative mutual funds and other managers that employ alternative investment strategies primarily invest in non-traditional asset classes and implement speculative investment techniques. Alternative investments may offer investment return characteristics that are non-correlated to traditional investments, but also present greater and/or unique risks to investors. Such risks include: loss of all or a substantial portion of the investment due to leveraging, short selling or other speculative practices; management risk; lack of liquidity; restrictions on transferring interests; higher or excessive volatility; absence of information for valuations and pricing; less transparency on underlying investments, complex tax structures and delays in tax reporting; less regulation; and potentially higher fees than traditional investments.

**Management Risk:** The risk that a strategy or investment technique used by a mutual fund manager (or recommended by an FA 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 PPS Program Terms and Conditions.

There is a possibility that investments will not successfully achieve their objectives or expectations notwithstanding the financial assumptions, investment strategies, securities selection and due diligence research that UBIS, as applicable, may rely upon, recommend and/or implement.

***Investments in the PPS Program 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 PPS Program. UBIS and FAs will not accept the authority to vote, or render advice on proxy solicitations or legal proceedings related to securities held in the PPS Program. UBIS will forward to the client, or any other party designated by the client, all proxy-related materials and other materials UBIS receives from an issuer of a security that is held by the client under the PPS Program. Clients may contact their FA for general information only regarding issuer materials.

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

In order for an FA to create an appropriate investor profile, clients must provide accurate 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 FA to assist the client in selecting an investment advisory program and/or investment portfolio that is suitable for the client's investment needs.

Clients may choose to invest only in specific asset classes or use non-diversified strategies within the PPS Program to complement additional assets held by the client at another financial institution. The FA will not be responsible for assets held or managed outside of UBIS which could significantly impact the client's overall investment portfolio and compromise overall portfolio performance. Clients should immediately inform their FA if changes are made to such complementary assets held at another financial institution.

Clients should immediately inform their FA 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 PPS Program 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 FA serves as the portfolio manager for the client's PPS Program account. Clients may freely contact their FA regarding their accounts in the PPS Program. Clients will be informed on a quarterly basis to contact their FA when their investment objectives or financial circumstances change or if they would like to place or update reasonable restrictions to their account.

FAs are required by UBIS to contact PPS Program clients on a semi-annual basis or every six months depending upon when the account was established. The purpose of the continuous supervision of client's PPS Program account is to ensure clients are informed regarding performance, approved products, portfolio drift/re-balancing needs, and to ensure the client's investor profile remains suitable and consistent with the client's investment objectives, risk tolerance and time horizon.

## Item 9 – Additional Information

### Disciplinary Information

On December 23, 2013, UBIS was censured and fined \$51,000 by the Financial Industry Regulatory Authority or FINRA involving UBIS' activities as a broker-dealer. UBIS consented to a finding without admitting or denying allegations that UBIS' broker-dealer trading desk purchased and/or sold agency securities for its own account to customers at an aggregate price that was not fair and reasonable and, in doing so, UBIS failed to observe just and equitable principles of trade in violation of FINRA Rule 2010.

### Other Financial Industry Activities and Affiliations

UBIS is also registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Municipal Securities Rulemaking Board ("MSRB"). As a broker-dealer, UBIS may offer asset allocation services and buy or sell for its clients a variety of securities and securities products, including common stocks, bonds, and mutual funds. Certain FAs of UBIS may also sell fixed annuities and variable annuities through an affiliated insurance agency, UnionBanc Insurance Services, which is a division of MUFG 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, Advisory Business, UBIS is a wholly owned subsidiary of MUFG Union Bank. MUFG Union Bank is a principal subsidiary of MUFG Americas Holdings Corporation (MUAH), a bank holding company regulated by the Federal Reserve Board. MUAH is wholly owned by The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU") headquartered in Tokyo, Japan. BTMU, in turn, is a wholly owned subsidiary of MUFG. UBIS is a limited liability company of which MUFG Union Bank is the sole member.

UBIS' ultimate parent company, MUFG, beneficially owns approximately 22.1 percent of the common stock of Morgan Stanley as of December 31, 2014, and is also represented by two seats on the Morgan Stanley Board of Directors. Morgan Stanley is the parent company of several registered broker-dealers, among other businesses. If UBIS manages your account, the fact of MUFG's beneficial ownership in Morgan Stanley may limit UBIS' ability to recommend purchases of an interest in a Morgan Stanley sponsored or advised asset or use Morgan Stanley brokerage services for client accounts, without the client's written consent, and in some cases may wholly prevent such recommendations and the use of Morgan Stanley brokerage services. Notwithstanding the foregoing, UBIS does not consider MUFG's investment in Morgan Stanley 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. Envestnet and sub-managers may invest in

and/or may recommend mutual funds, ETFs, or other investment products of Morgan Stanley companies or its affiliates if such securities or products meet applicable investment criteria, and may use Morgan Stanley brokerage services or one of its related persons as the broker-dealer for securities trades in seeking best execution or when they otherwise deem it appropriate. UBIS FAs are prohibited from taking any action with respect to investments in Morgan Stanley products that are made by Envestnet, sub-managers or asset managers.

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

HCM advised mutual funds may pay UBIS in its capacity as a broker-dealer for marketing support, sale, distribution or servicing of shares of HCM advised mutual funds. In addition, certain investment model portfolios and separate account strategies that are managed by HCM are available through the Managed Account Solutions (MAS) Program. Please consult your FA 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 MUFG Union Bank employees and it manages the business affairs of UBIS and exercises all of its powers. UBIS employees are also employees of MUFG Union Bank. MUFG Union Bank provides a variety of administrative services to UBIS, such as human resources and corporate accounting functions. MUFG 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. MUFG Union Bank also provides safekeeping services with respect to UBIS' institutional broker-dealer business. MUFG Union Bank may also make general client referrals to UBIS and UBIS may refer clients to MUFG Union Bank for banking-related services.

MUFG Union Bank is licensed to sell certain types of insurance through its UnionBanc Insurance Services division. This activity by UnionBanc Insurance Services is not connected to UBIS' advisory business.

UBIS does not, as principal, broker, or agent, effect securities transactions for the PPS Program accounts. PPS Program 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 PPS Program. In addition, certain related persons of UBIS, such as BTMU, Mitsubishi UFJ Securities (USA), Inc. and MUFG 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 MUFG



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 ("Code") to mitigate such potential conflicts of interest. The Code 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 provisions requiring that they place the interests of UBIS' clients before their own personal interests. UBIS will provide a copy of the UBIS Code to clients who request it. You may request a copy of UBIS' Code of Ethics by contacting your FA 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 FAs. 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 PPS Program. UBIS' employee's compliance with UBIS' Code 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 the UBIS Compliance Department. In addition, UBIS' Code requires UBIS employees with access to UBIS' advisory clients' accounts to submit periodic reports of their personal brokerage accounts and those of certain family members to the UBIS Compliance Department for review of transactions and holdings in their accounts.

### Review of Accounts

The FA 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 FA for the client account contacts the client at least semi-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.

### Brokerage Practices

UBIS does not itself execute securities transactions on behalf of clients in the PPS Program. For the PPS Program; instead, clients authorize UBIS to designate NFS to provide custody and trade execution services for PPS Program accounts. By authorizing UBIS, to direct brokerage, the client may not receive best execution for transactions for its accounts. Not all investment advisory programs, including those offered through other financial services firms, require clients to direct brokerage. 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, their execution may not always result in best execution for advisory accounts that may otherwise be available through other custody and brokerage service providers.

UBIS does not receive soft dollar benefits or IPO allocations in connection with client accounts invested through the MAS Program, although sub-managers and asset managers used in the MAS Program may receive these benefits as described in their respective prospectuses or other disclosures. Please refer to the respective sub-managers' or asset managers' disclosure documents for additional information regarding brokerage practices

### Reports to Clients

NFS, the custodian for client accounts invested through the PPS Program, 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 PPS Program 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 your FA or the UBIS Help Desk at 800.634.1100.

### Client Referrals

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

Certain MUFG 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.

MUFG 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 MUFG Union Bank and Relationship Management of Clients Participating in MUFG Union Bank Services**

UBIS FAs may refer clients who request trust, agency, financial planning and/or asset management services to MUFG Union Bank, including without limitation IM&T. UBIS does not provide investment advisory services to client assets managed by MUFG Union Bank or with respect to such trust, agency, financial planning or other asset management services offered by MUFG Union Bank. Investment advisory services may be provided to these clients by HCM, which acts as a sub-adviser to MUFG Union Bank. UBIS FAs may provide ongoing relationship management services to clients who choose to participate in MUFG Union Bank's trust, agency, financial planning or other asset



management services, including IM&T. UBIS FAs who refer clients to MUFG Union Bank for trust, agency, financial planning or asset management services may receive a referral fee from MUFG Union Bank. UBIS FAs who have primary responsibility for the overall client relationship of clients who participate in MUFG Union Bank trust, agency, financial planning or other asset management services, including IM&T, may receive ongoing compensation from MUFG Union Bank.

### Best Execution

For the PPS Program, clients authorize UBIS to designate NFS to provide custody and trade execution services for PPS Program 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 PPS Program 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. Clients additionally authorize UBIS to effect transactions for PPS Program 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 PPS Program, although mutual funds, ETFs, or underlying asset managers used in the PPS Program 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.