

Fund Select/Fund Select Premier Programs Disclosure Brochure

Walnut Street Securities, Inc.
A MetLife Company

Wealth Management Services

Fund Select/Fund Select Premier Programs

Disclosure Brochure

March 15, 2013

This brochure provides information about the qualifications and business practices of Walnut Street Securities, Inc. ("WSS"). If you have any questions about the contents of this brochure, please contact us at (877) 925-6881. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Walnut Street Securities, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Walnut Street Securities, Inc. is a registered investment adviser and securities broker-dealer. Please note that registration does not imply a certain level of skill or training.

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ITEM 2. MATERIAL CHANGES

Pursuant to SEC rules, this Item summarizes the specific material changes that have been made to this Walnut Street Securities Inc. (“WSS,” “the Firm,” “we,” “our,” or “us”) Form ADV disclosure brochure (“Firm Brochure”) since its last annual update of the Firm’s Brochure on 3/31/2012.

When required or appropriate, we will also provide clients interim summary updates of material changes to our Firm Brochure.

Clients may ask for a copy of our current Firm Brochure, which includes all material changes since the previous Firm Brochure, or a summary of material changes to the previous Firm Brochure at any time, without charge by contacting 1-877-925-6881.

The following is a summary of material changes:

Item 12. Brokerage Practices

Additional language has been added to clarify the brokerage arrangement in connection with the brokerage account that clients open through the Firm under the Program.

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ITEM 4. ADVISORY BUSINESS

WSS is a Missouri corporation and is registered as an investment adviser ("IA") with the SEC. WSS has conducted its advisory business since 2003. Its principal place of business is 1095 Avenue of the Americas, New York, NY 10036. WSS is also registered as a broker-dealer ("BD") with the SEC and various states. As a BD and IA, WSS is regulated by the SEC, other agencies of the United States of America, the Financial Industry Regulatory Authority ("FINRA"), as well as applicable states. Since WSS is not registered as a broker-dealer or investment adviser outside of the U.S., WSS, its investment adviser representatives ("IARs") and financial planners are generally not authorized to provide advisory services to persons permanently domiciled outside of the U.S.

WSS is a wholly owned direct subsidiary of MetLife Inc. ("MetLife"). WSS, together with other affiliates (see Item 10 – Other Financial Industry Activities and Affiliations -- for additional information), provides a wide array of financial products and services to its clients. When appropriate, WSS's representatives may recommend the purchase of one or more such products or services to assist clients in pursuing their savings, insurance, investment or other financial objectives. Typically, the products or services recommended will consist of or include products or services sponsored, issued, sold, distributed, advised, or serviced by WSS or its affiliates.

In addition to the advisory services described in this Brochure, WSS also offers other advisory services. If you wish to learn more about the other advisory services available through WSS, please feel free to contact WSS or an IAR.

Total Assets Under Management (AUM)

As of 12/31/12, the Firm has \$227.2 million AUM in total. The Firm does not manage any of the assets in the Fund Select ("FS") and Fund Select Premier ("FS Premier") Programs (FS and FS Premier are collectively "Programs" or each is a "Program") on a discretionary basis.

Overview of Fund Select Program and Fund Select Premier Program

FS and FS Premier are two of Walnut Street Securities, Inc.'s proprietary investment advisory programs. In addition to this Firm Brochure, you will receive from your IAR a Form ADV disclosure brochure ("Lockwood Brochure") for Lockwood Advisors, Inc. ("Lockwood"). Lockwood is a co-adviser and co-sponsor with the Firm for both Programs. You should review the Lockwood Brochure carefully, since it outlines important information about Lockwood and its role and responsibilities under the Programs.

Both Programs are available to individual clients and institutions. The Programs are "mutual fund asset allocation programs" which may also include exchange-traded funds ("ETFs") under which a client receives various services, including the following:

- Review of client's investment objectives, risk tolerance, time horizon and other financial information provided by the Client;
- Recommendation of investment model and mutual funds pre-screened by Lockwood; investment model recommendations based on the client's investment objectives, risk tolerance and time horizon;
- Mutual fund and ETF purchase and sale execution, and custody

- Automatic rebalancing and
- Ongoing portfolio monitoring.

Firm Services

If a client wishes to participate in either Program, the IAR will assist the client to determine if a Program is appropriate for the client and provide all Program account ("Account") opening documents, disclosures and other necessary documents. If the client concludes that a Program is appropriate, the IAR will assist the client in completing an Investment Account Application and Agreement ("IAAA") and the Investment Questionnaire ("Questionnaire") to apply for client's selected Program and open an Account. The IAAA and the Questionnaire enables the client to provide the Firm with certain financial information, including the client's investment objectives, risk tolerance and time horizon.

Information from the Questionnaire is then inputted by the IAR into a software program created by Lockwood that generates an investment proposal for the client ("Proposal"). The Proposal indicates which Portfolio matches the client's investment objectives, risk tolerance and time horizon. The Proposal also contains a recommended asset class and investment style allocation mix, as well as the corresponding mutual funds and ETFs, if available to the client. The recommendations are summarized in the Proposal, a copy of which is provided to the client. The IAR then reviews the information in the Investment Questionnaire and Proposal with the client.

In addition, IARs will accept inquiries about either Program and coordinate the provision of responses to clients. The Firm also provides ongoing client services related to the Programs. Please see Item 13 for details.

Client also has the opportunity to impose reasonable investment restrictions applicable to client's assets in the Program(s) by identifying them on the IAAA. Investment restrictions must be reasonable, as solely determined by Lockwood, and must be complete and consistent with applicable law. Lockwood will observe the investment restrictions that the client provides in the IAAA, if deemed reasonable; provided that Lockwood reserves the right to seek further direction from the client through the Firm before any such investment restrictions are observed.

a. Fund Select

In the FS Program, the Proposal generated through the use of the Lockwood software will recommend asset class and investment style allocation mixes, and corresponding mutual funds that may not be modified by the IAR or the Client in any way. Thus, Lockwood's proposal system generates all of the recommendations under the FS Program. While the IAR is responsible for obtaining the client's financial information, communicating the Proposal's recommendations to the client and providing client support, the Firm (through the IAR) is not involved in the process of recommending an asset class or investment style allocation mix or mutual funds. Thus, Lockwood is solely responsible for generating investment recommendations under the FS Program.

The Firm will communicate with clients about their Account(s). The IARs will assist clients in completing the Investment Questionnaire, accept inquiries about the FS Program, coordinate the provision of responses to clients and provide all Account

documents, disclosures and other necessary documents. The Firm does not recommend any mutual funds under the FS Program.

As noted, the recommendations that are generated (in terms of the asset allocation and investment style allocation mixes and the mutual funds) by Lockwood's proposal system may not be amended by either the IAR or the client. It is up to the client to decide whether to invest in the mutual funds recommended by the Proposal. A client can only accept or reject the Proposal's recommendation in its entirety.

b. Fund Select Premier

The FS Premier Program offers more flexibility to clients than the FS Program by enabling the client's IAR to make certain recommendations to client for review and acceptance. Under the FS Premier Program, Lockwood's software generates asset class and investment style recommendations, just as it does under the Fund Select Program. However, under the FS Premier Program, the client's IAR is responsible for recommending mutual funds and ETFs (collectively, "Program Funds"), for each investment style forming the client's Portfolio.

The IAR may only recommend Program Funds for each investment style using a pre-screened list assembled by Lockwood in accordance with its proprietary screening process. An IAR may only recommend ETFs if the IAR is appropriately licensed to advise clients on ETFs. Accordingly, in recommending Program Funds to match the allocation for each investment style suggested by the Proposal, the IAR will advise a client to invest in Program Funds from the pre-screened list of Program Funds constructed by Lockwood for each investment style.

An IAR's Program Fund recommendations under the FS Premier Program are non-discretionary in nature, meaning the client must approve the IAR's recommendations before such recommendations are implemented.

Under the FS Premier Program, the IARs also have the ability to recommend a client slightly adjust the investment style allocations generated by Lockwood's proposal system when appropriate. The IAR may recommend such adjustment with respect to each investment style in the client's Portfolio. Such a recommendation, if approved by the client, has ripple effects in the proportionate allocations of the mutual funds (and ETFs, if available to the client) recommended for the client. However, it is important for clients to understand that even if they agree to such adjustments, the allocation of their asset classes would not change. The purpose of this flexibility is to enable a client's IAR to make recommendations that are more closely tailored to a client's investment objectives, time horizon, risk tolerance and preferences.

Lockwood Services

With both Programs, Lockwood has assembled model portfolios ("Portfolios") (e.g., income, income and growth, growth and income, growth and aggressive growth) that are comprised of different asset classes (e.g., fixed income, large cap, cash, etc.). Each Portfolio consists of a unique asset class mix with a distinctive expected risk tolerance and investment objective. Certain asset classes, in turn, consist of multiple investment styles (e.g., large cap value, large cap core, and large cap growth). The Program Accounts consist of mutual funds (and possibly ETFs in FS Premier) that are consistent with the client's risk tolerance, investment objectives, and time horizon.

Under FS, there is only one mutual fund for each investment style. This mutual fund has been screened and selected by Lockwood. In FS Premier, each investment style is represented by mutual fund(s), and ETF(s), if available, that have been screened and selected by Lockwood. In both Programs, Lockwood has selected the mutual funds and ETFs by analyzing mutual funds and ETFs using its own quantitative analyses and screening techniques.

a. Portfolio Basics

Both Programs contain the same Portfolios, which are maintained and operated by Lockwood. Lockwood has classified investors into 5 different categories, depending on their risk tolerance, investment objective, and time horizon, and has created Portfolios for each of the 5 categories of investors. Lockwood also has divided the investment universe into 5 major asset classes and further divided some of these asset classes into investment styles.

Lockwood has selected an asset class allocation mix for each of the Portfolios. In addition, under both Programs Lockwood has selected the Program Funds, by subjecting them to a screening process—only those mutual funds and ETFs satisfying Lockwood's criteria are categorized as Program Funds and included in the Programs. Thus, the Portfolios are comprised of a mix of asset classes and investment styles represented by the Program Funds. Some of the Portfolios have a tax-sensitive option.

Lockwood has sought to maintain diversification within each Portfolio through the Program Funds. The more aggressive Portfolios generally have greater small/mid cap equity and foreign exposure and the more conservative Portfolios generally have more bond and large cap exposure. The Portfolios containing significant portions of both equity and fixed income mutual funds seek to provide a combination of both capital appreciation and capital preservation (e.g., the Income & Growth Portfolio).

The money market Program Fund and the FDIC-insured money market bank sweep arrangement, both of which shall be selected by WSS for the Program, comprise the cash investment style portion of the Portfolios and are used to pay the client's advisory fee for participating in the Program ("Fee") and other fees and charges assessed under the Program. If client's Account is a Bank-Eligible Account, as defined below, client instructs the Custodian to automatically deposit monies in client's cash investment style into the Dreyfus Insured Deposit Single Rate Program FDIC-Insured Money Market Sweep Account or another bank sweep vehicle selected by WSS (each sweep account opened by the Custodian at a participating financial institution is a "Deposit Account") each business day in accordance with the terms and conditions disclosure document for the Deposit Account ("Deposit Account Disclosure Document"). A summary of the Deposit Account Disclosure Document is included in this Disclosure Booklet for client's convenience and informational purposes only, and client agrees to read the full Deposit Account Disclosure Document, which can be obtained from the IAR upon request at any time and will be sent to client by the Custodian once the Account is opened. As set forth herein, Lockwood is not responsible for such matters. Lockwood, the Custodian and Dreyfus Cash Investment Services, a service provider for the Custodian in connection with the Dreyfus Insured Deposit Single Rate Program, are affiliated. The Deposit Accounts are FDIC insured interest-bearing bank accounts and are therefore not securities accounts and not insured by SIPC.

A “Bank-Eligible Account” is an Account that is not deemed to be a “Bank-Ineligible Account.” A “Bank-Ineligible Account” is an Account owned by an entity that is ineligible to maintain a negotiable order of withdrawal (“NOW”) account under 12 C.F.R. § 204.130. Generally, entities that are organized or established to make a profit, such as for-profit corporations, partnerships and limited liability companies, are considered ineligible to maintain NOW accounts, and will not have money in the cash investment style swept to a Deposit Account, which is a NOW account. Deposit Accounts are opened and maintained by the Custodian at the financial institutions identified in the Deposit Account Disclosure Document and are entitled “Pershing, LLC, as agent for its customers, acting for themselves or others.”

If client’s Account is a Bank-Eligible Account, client will earn interest on client’s cash investment style held on deposit in the Deposit Account(s) at the financial institution(s). The interest that client earns may vary and how the interest is calculated is described in the Deposit Account Disclosure Document. Interest will be calculated and credited to client’s Account by the Custodian and reflected in the monthly Account statement sent by the Custodian.

If client’s Account is a Bank-Ineligible Account, client instructs the Custodian to automatically place Client’s monies representing the cash investment style in a money market Fund selected by WSS; as a result client will not be put into a Deposit Account. If the Account belongs to a for-profit corporation, a partnership or a limited liability company, the Account will initially, by default, be considered a Bank-Ineligible Account. However, client acknowledges and agrees that Client is solely responsible for determining whether monies in client’s investment style is eligible for deposit into a Deposit Account regardless of this default feature and agrees to promptly notify WSS if client’s Account is deemed to be a Bank Ineligible Account at any time. In the event that client’s Account holds any assets of an entity that is ineligible to maintain a NOW account and client’s Account is deemed to be a Bank-Eligible Account, client agrees to notify WSS immediately in order to have all monies in the Account representing the cash investment style automatically placed in a money market Fund selected by WSS. Client acknowledges and agrees that WSS shall have no responsibility for monitoring client’s compliance with, nor any liability resulting from client’s failure to comply with, 12 C.F.R. § 204.130. Client will receive a copy of the Prospectus for the money market Fund.

b. Lockwood’s Screening Process

With both Programs, Lockwood has identified both quantitative and qualitative characteristics it believes are helpful in identifying mutual funds and ETFs for inclusion in the Portfolios. The mutual funds are selected from the list of fund families provided by the Firm. Nonetheless, investment in the Program Funds selected by Lockwood is subject to market risk and possible loss of principal. The purpose of the screening process is to identify mutual funds and ETFs that satisfy certain minimum investment criteria set by Lockwood. Lockwood’s fund selection criteria and screening process are not applied to the money market Program Fund or the FDIC-insured money market bank sweep arrangement. The criteria utilized by Lockwood in selecting mutual funds and ETFs are described in more detail in the Lockwood Brochure.

For information regarding the Program Funds, underlying the investment styles, including their fees, expenses, investment objectives and risks, clients should read the prospectus or similar disclosure document of each particular mutual fund and ETF.

Program Termination

The Investment Management Agreement for the Programs (“Program Agreement”) will continue in effect until terminated by either the client (upon written notice to the Firm), or the Firm or Lockwood (upon written notice to client). Notwithstanding the foregoing, the Firm may retain amounts in a client’s Account sufficient to effect any open and unsettled transactions. In this respect, clients are responsible to pay for services rendered, and for transactions effected. Any termination will therefore not affect any liabilities or obligations that are incurred or that arise from transactions before such termination.

Upon termination by the client, client must instruct the Firm as to any future actions regarding the assets in the Account. If client does not provide instructions, the Firm will move client’s assets to a standard brokerage account. In addition, the Firm reserves the right to send cash related assets to client’s address of record. If the Firm or Lockwood terminates the agreement, the client’s assets will be moved to a standard brokerage account or client will be mailed a check as determined by the Firm or Lockwood unless client provides instructions otherwise. Upon termination of the Program Agreement, the client assets will not be managed. Any client assets transferred to a standard brokerage account will be subject to the fees and charges normally assessed by the Firm on its brokerage accounts, and the client will continue to be bound to the terms and conditions of the Brokerage Account Agreement signed by the client upon establishment of the Program Account.

ITEM 5. FEES AND COMPENSATION

Clients in either Program will be charged an annual fee (“Fee”) that covers the advisory services provided by the Firm and Lockwood under the Programs(s) as well as the brokerage services involved in purchasing and selling Program Funds. The Fee is a percentage of the assets clients have contributed to the Program (s) and will be deducted in advance on a quarterly basis. The mutual funds in the Program are “load- waived” mutual funds, meaning the sales charges typically associated with mutual funds have been waived.

The Fee for each Program is negotiable between the IAR and client and ranges between .50%–2.00% of the client’s assets contributed to that Program. The Fee is split among the Firm, Lockwood and the IAR. The Firm receives the total Fee and pays a maximum of .19% of the total value of the assets in the Account to Lockwood for providing investment advisory services under the Programs. The Firm takes its portion of the Fee and pays Pershing for ticket charges and other transaction fees.

The Firm reserves the right at its discretion to reduce the Fee for certain Accounts and for Accounts held by employees, associated persons, agents or independent contractors of WSS or its affiliates and their immediate family members.

To the extent that assets used for investment in the Program come from the redemption of mutual funds, clients should consider the cost of any sales charges previously paid or to be paid

upon redemption. In this respect, the Firm may reduce its portion of the Fee to take into account the sales charges clients may have incurred in connection with the liquidation of mutual fund shares ("Fee Forgiveness").

Fee Forgiveness is not automatic. Instead, clients must apply for Fee Forgiveness through the IAAA and provide documentation supporting the Fee Forgiveness claim. Fee Forgiveness is available only while a client's Account is opened. If the Account is terminated for any reason, any remaining fees scheduled to be forgiven will not be forgiven. In addition, if a client does not provide documentation demonstrating eligibility for Fee Forgiveness, the client may not qualify to receive Fee Forgiveness. Additional details regarding Fee Forgiveness can be found in the Program Agreement portion of the IAAA.

The Fee does not include special requests by clients or the internal management, operating or distribution fees including any redemption fees or expenses imposed or incurred by the mutual funds and ETFs. Clients should read each fund's or ETF's prospectus or similar disclosure document for a more complete explanation of these fees and expenses, which pay for management, administration, shareholder servicing, distribution, transfer agent, custodial, legal, audit and other services.

Clients may purchase the Program Funds (i.e., outside of the Program) without paying the Fee or may pay less than the Fee. Thus, it may be more cost efficient for clients to purchase the Program Funds outside of these Programs. However, clients will not receive the services provided under these Programs if they choose to do so. The Fee a client pays may be higher than those charged by the Firm for other advisory programs offered through the Firm, or higher than those charged by other sponsors of comparable programs.

a. Payment of Fees and Charges

Upon acceptance of the IAAA and the Account being funded at or above the program minimum, \$50,000, unless waived by WSS, clients pay an initial Fee that is based on the initial market value of the Account.

The first payment is prorated to cover the period from the date the Account is opened through the end of the current calendar quarter. Thereafter, the quarterly Fee is paid at the beginning of each calendar quarter for such quarter. The quarterly Fee is based on the fair market value of the assets in the Account (which includes any assets in the cash investment style) on the last business day of the preceding calendar quarter as calculated by Pershing.

Clients also are subject to a Fee for any additional lump sum contribution(s) in a calendar quarter equal to or greater than \$10,000. Clients will pay for that portion of the ongoing quarterly Fee that relates to the number of days remaining in the calendar quarter on the date of an additional contribution equal to or greater than \$10,000. Payment of the Fee will be made in the quarter following any such contribution and will be based on the amount of the contribution.

Clients may withdraw assets from their Account at any time, subject to the usual and customary settlement procedures. All withdrawals are first funded from the amount in the client's cash investment style. Withdrawals may have tax consequences such as capital gains or other applicable taxes. If the amount

maintained in the cash investment style is not enough to meet a withdrawal request, the remaining amount of the withdrawal request will be satisfied by redeeming shares of the Program Funds in the client's Account at Lockwood's discretion.

Lockwood will rebalance the Account back toward the selected allocation, thus triggering a possible taxable event. No adjustment or refund is made with respect to partial withdrawals that may be made during any calendar quarter.

If an Account is terminated, Pershing will calculate and refund to clients a pro rata portion of any pre-paid, but unearned fee for the current quarter. The amount refunded to clients will be based on the number of days remaining in the quarter after the date of termination.

Clients pay the Fee and other fees and charges under the selected Program by instructing Pershing through the Program agreement to automatically debit the Fee, and applicable fees and charges (collectively "Expenses"), from their Account. The amount debited to pay the Expenses under the Program will appear on statements clients receive from Pershing. The Expenses are first deducted by Pershing from Assets a client has in the cash investment style (i.e., the money market Fund or a Deposit Account, as applicable) approximately two weeks following the end of the quarter. Lockwood will automatically rebalance a client's Account if payment of the Expenses under the Program causes the client's cash investment style to fall below the percentage threshold (and if the dollar threshold is met) and/or to cover any Account debit balances. If this occurs, Lockwood will cause the remaining amount of the Expenses and/or Account debit balances that cannot be covered by assets in the cash investment style to be paid by redeeming shares of Program Funds in the client's Account. In such cases, the client may face a taxable event, to which capital gains (or other) taxes may apply.

The money debited from client's Account for the Fee will be sent by Pershing to the Firm.

b. Additional Client Fees

All Accounts are subject to the following additional fees and charges:

- ACH Return Check Fee - \$25
- Returned Check Fee - \$25
- Wired Funds - \$25 per wire
- Overnight Charges - \$20
- Ordinary IRA to Roth IRA Conversion - \$25
- IRA maintenance fee - \$35

The above fees and charges are deducted by Pershing from a client's cash investment style at the time they are incurred. The Fee does not include these fees or charges.

In addition, certain client Accounts are subject to the following brokerage termination fees (the "Termination Fees"):

- Ordinary IRA and SEP - \$75
- Roth and Education IRA - \$75
- SAR/SEP, Qualified Retirement Plans, and 403(b)(7) Plans - \$75

The above Termination Fees are deducted by Pershing from the proceeds at termination. The Fee does not include these fees.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Firm does not charge clients in Programs any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

ITEM 7. TYPES OF CLIENTS

WSS provides investment advisory services to individuals, various types of business organizations, pension and profit-sharing plans, charitable institutions, foundations, endowments, and trusts.

The Firm generally requires a client to execute a Program Agreement and complete an IAAA in order to participate in a Program. Some clients (e.g., a trust or a corporate pension plan) may be required to submit additional documentation in order to open an Account.

The minimum amount to open an Account, under either Program is \$50,000 unless waived by the Firm. The minimum subsequent contribution in either Program is \$100 if payment is made by ACH or fed fund wires and \$25 if payment is made by check. Clients may make additional payments to their Account at any time subject to the above minimums. Clients may fund contributions in either Program with cash or securities. Accounts cannot be aggregated, even if they are beneficially owned by the same person or entity, for the purpose of meeting the minimum thresholds.

Individual Program Funds may have their own investment minimums in addition to those existing under the Programs. As a result, clients may not be able to purchase shares of a Program Fund if the amount to be invested in such Program Fund under the recommended proposal allocation is less than the Program Fund minimum. Clients should speak to their IAR for a description of the Program Funds' investment minimums.

Client's assets in the selected Program will not be managed until the Program minimum of \$50,000 is reached, unless waived by the Firm. In such circumstances cash payments will be placed in a money market Program Fund or the FDIC-insured money market bank sweep arrangement and the securities will remain in the Account as transferred in, until the account balances reaches the Program minimum. Once the Program minimum is met, Client assets will then be invested in accordance with Client's selected Portfolio.

After an Account is open, additional contributions under either Program is allocated initially to the cash investment style (the money market Program Fund or a Deposit Account, as applicable) and will remain there until a client's Account is rebalanced by Lockwood as described in Item 13. Additional contributions made to the Programs may therefore remain in the cash investment style for an indefinite and unlimited period of time. Please see Lockwood's Disclosure Brochure for more information.

If an Account falls below the \$50,000 account minimum requirement at any time and for any reason, the Firm may, in its discretion, terminate the Program Agreement with the client, close the Account and transfer the assets therein to a standard brokerage account. Once in a standard brokerage account, such assets will not be managed and will be subject to the fees and charges normally assessed by the Firm on its brokerage accounts.

Clients who intend to fund the Program with securities that cannot be accepted into a Program, (e.g. non-Program funds),

into a Program. If the Firm receives securities that cannot be accepted into the Program, the Firm in its discretion may liquidate those securities holdings. Such liquidation of current securities holdings may have tax consequences that should be carefully considered and discussed with a qualified tax advisor before the client initiates the transfer into the Program.

If a client owns shares of a Program Fund outside of the Programs and wants to transfer such shares into either Program, Lockwood will rebalance the client's Account in accordance with the client's initial investment style allocation mix, if necessary. This means that if all of the shares of the Program Fund cannot be transferred into the selected Program without causing the client's Account to be out of balance with the selected Portfolio, those shares that would cause the client's Account to be out of balance may be sold by Lockwood at its discretion. The proceeds of the sale will be used to purchase other Program Funds in accordance with the client's investment style allocations. Since transferring shares of a Program Fund held outside the Programs into either Program may trigger fund sales, such transfers may result in a taxable event in which capital gains or other taxes apply. Clients therefore may wish to consult with a tax professional before initiating the transfer.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

As indicated in Item 4, Lockwood is tasked with the responsibility for creating and maintaining the Portfolios, which includes screening for the inclusion or the removal of Program Funds for each Portfolio, under the Programs. In fulfilling this responsibility, Lockwood uses its proprietary due diligence and analytical methodologies to create, monitor and maintain Portfolios and to monitor and maintain the Program Funds. Please refer to Item 8 in the Lockwood Brochure for further details.

Investing in securities, including Program Funds, involves risk of loss that clients should be prepared to bear. Clients may experience loss in the value of their Account under either Program, including loss of principal, due to market fluctuation. There is no guarantee that a client's investment objectives will be achieved by participating in either Program. Clients should read carefully a copy of the current prospectus, or similar disclosure document, for each Program Fund selected under the Programs prior to investing. The prospectus, or similar disclosure document, contains information regarding the fees, expenses, investment objectives, investment techniques and risks of the Program Funds. The investment returns on a client Account will vary and there is no guarantee of positive results or protection against loss. No warranties or representations are made by the Firm concerning the benefits of investment in either Program. The Firm and its IARs do not provide legal or tax advice. Clients with tax or legal questions should seek a qualified independent expert.

ITEM 9. DISCIPLINARY INFORMATION

In September 2006, Walnut Street Securities (WSS) and certain of its affiliates reached a settlement with the National Association of Securities Dealers (NASD) relating to allegations that WSS and its affiliates: executed late trades; submitted inaccurate responses to NASD regulatory inquiries; failed to establish and maintain adequate supervisory systems and written procedures to prevent and detect late trading; failed to capture the time of customer mutual fund orders; failed to produce responsive emails in a

timely fashion; and, failed to retain emails for the required time period. WSS and affiliates agreed and certified to the NASD that the firms (I) reviewed their procedures related to email retention, recording the time of mutual fund orders, and the productions of email in response to regulatory requests and late trading, and (II) established procedures designed to achieve compliance with laws, regulations and rules concerning these matters. WSS and its affiliates also agreed to pay a fine, joint and severally, of \$5,000,000.

In November 2009, WSS and its affiliates reached a settlement with the Financial Industry Regulation Authority (FINRA) regarding the supervision of email correspondence, and the supervision of associated persons in outside business activities and private securities transactions. WSS and its affiliates were fined \$1,200,000 jointly and severally. WSS's portion of the fine was \$240,000.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Firm is registered with the SEC as an investment adviser and a broker-dealer and certain of its principal officers are registered as IARs and/or its registered representatives ("RRs") of the Firm. In its capacity as a broker-dealer, the Firm sells variable insurance products and general securities, including, but not limited to, stocks, bonds, municipal and government securities, mutual funds, and registered limited partnerships, to the public. The insurance products available through the Firm include products issued by our affiliated insurance companies as well as those issued by unaffiliated issuers. As part of this business, the Firm, through its RRs who may also be IARs, provides a broad range of securities brokerage services which may include clients who participate in the FS or FS Premier Program. The Firm, as a broker-dealer, effects securities transactions for these brokerage customers for compensation and may recommend that customers buy or sell securities or investment products in which the Firm or its officers, directors, employees or RRs have a financial interest or may themselves purchase or sell. For example, MetLife, Inc. (NYSE: MET) is the ultimately parent company of the Firm and its shares are publicly traded. The Firm, through its RRs and/or IARs, may recommend customers to purchase, sell or hold, and/or effect transactions for clients in, MetLife, Inc. stock. Clients should be aware that compensation earned by the Firm and its RRs vary by product and by issuer. Therefore, the Firm and its RRs may receive more compensation for selling certain products issued by a Firm affiliate than for selling certain products issued by companies that are not affiliated with the Firm.

The following describes the relationship or arrangement that the Firm has with its affiliates that may be material either to the advisory business of the Firm or to its clients.

Broker Dealers, Other Investment Advisers and Investment Companies

The Firm is affiliated with New England Securities Corporation ("NES"), Tower Square Securities, Inc. ("TSS") and MetLife Securities, Inc. ("MSI"). The Firm, NES, TSS and MSI are each an investment adviser registered with the SEC and a member broker-dealer firm of FINRA.

Where permitted by the Firm and authorized by the prospective customer, an RR or an IAR of NES, TSS and MSI may refer such prospective customer to a Firm RR or IAR in exchange for a referral fee, or such RR or IAR of NES, TSS and MSI may work with a Firm RR or IAR in order to jointly sell advisory products and services, including the FS and FS Premier Programs, to a

prospective customer. Any commissions or fees generated as a result of the joint sale will be shared.

In addition to the advisory business relationship between Lockwood and the Firm as described in Item 4 above, Lockwood pays a fee to attend Firm sponsored sales and/or training conferences. Lockwood generally networks with, and provides training to, IARs and the Firm's personnel at these conferences. The fee received by the Firm is generally used to offset expenses associated with hosting the conferences and is not paid directly to IARs. While IARs do not receive a portion of this fee, IARs may be more likely to recommend the Program, or other Lockwood advisory programs available through the Firm, to prospective clients because of the education and the exposures that IARs receive on Lockwood and its services.

As indicated in Item 4, the Firm also serves as the broker-dealer for client Accounts under the Program. If available, the Firm, as a broker-dealer, receives asset-based distribution or servicing fees (in the form of so-called "12b-1 fees" or otherwise) from certain Program Funds for providing distribution and/or administrative services to Program Funds. Further information regarding these fees and other charges assessed by Program Funds may be found in the appropriate prospectus or annual report. This compensation to the Firm from such Program Funds is in addition to the advisory and other fees the Firm receives under the Program. The Firm has an incentive for clients to invest in Program Funds that pay 12b-1 fees. The Firm may, in its sole discretion, credit to client Accounts an amount equal to any such 12b-1 fees the Firm receives on such assets held in client Accounts in order to offset Fees paid under the Program. In the Fund Select Premier Program, the Firm will refund all 12b-1 fees received on all mutual funds or ETFs held in qualified ERISA Plan Accounts, including SEP-IRA Accounts and SIMPLE IRA Accounts.

Certain IARs of the Firm may also be affiliated with and provide investment advisory services through an investment adviser that is not affiliated with the Firm ("Third Party Adviser"). In that respect, such IARs may offer investment advisory programs through both the Firm and the Third Party Adviser. The compensation that they receive from the Third Party Adviser for offering investment advisory services may be more or less than the compensation that they receive from the Firm. While the investment advisory programs made available by the Third Party Adviser may differ materially from the programs made available by the Firm, the IARs may potentially recommend an investment advisory program that offers them the greatest compensation potential.

Moreover, should a trade error occur where the Firm acts as the broker-dealer to the Account and the error/correction results in a gain, the gain may be kept by the Firm. Gains that are captured due to trade errors are placed in the Firm's general account and used at the Firm's discretion. If gains are not used to cover an expense within a fiscal year, such gains will be considered a profit.

The Firm may receive rebates or service credits on certain charges from Pershing based on the number of Accounts opened by clients in a given time period. This is in addition to the advisory and other fees, the Firm receives under the Programs. As a result, the Firm has an incentive for clients to participate in a Program. Client should understand that these rebates are paid directly to the Firm and are not shared with the IAR or IAR's branch manager.

Banking or Thrift Institutions

MetLife Bank, N.A. is a nationally chartered bank providing traditional services to individuals and institutions. The MetLife Bank is affiliated with the Firm. The Firm's registered representatives, some of which are also IARs, may refer the Firm's clients to the Bank for retail banking and mortgage services in exchange for a referral fee.

The sale of MetLife Bank to an unaffiliated entity is expected to close in 2013. Upon the sale of MetLife Bank, the referral arrangement referenced above will be terminated.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

To help manage conflicts of interest, WSS has adopted a code of ethics (the "Code") pursuant to an SEC rule. As a general summary, the Code, among other things, requires certain persons to observe guidelines regarding fiduciary responsibilities, and observe restrictions in the giving and receipt of gifts. The Code also requires certain persons of the Firm to periodically report certain personal securities holdings, accounts and transactions, including those of certain family (household) members, and periodically certify that they understand their obligations under the Code and the firm's Investment Adviser Compliance Manual. Some personnel who are authorized to provide specific advisory services are required to move their and/or their family (household) members' personal securities accounts and other accounts under their control or beneficial ownership to a brokerage account at WSS or one of its affiliates, and to observe blackout restrictions and other limitations with respect to those accounts. A copy of the Code will be made available to all clients and prospective clients upon request to WSS.

WSS or its IARs may give advice or take action in performing their duties for other clients or for their own accounts that differs from the advice provided, or in the timing and nature of action taken, with respect to clients in these Programs. In addition, WSS and its IARs may give advice or take action in performing their duties for one client in the Programs that differs from the advice provided, or in the timing and nature of action taken, with respect to another client in the Programs.

ITEM 12. BROKERAGE PRACTICES

In order for Lockwood to effect trades under the Program, clients must open a brokerage account with the Firm. Securities trades effected under the Program for client accounts generally will be placed by Lockwood through the Firm in the Firm's capacity as an introducing broker-dealer, and transactions will be cleared and settled by Pershing, the account's clearing firm and an affiliate of Lockwood. Client's assets will also be custodied at Pershing.

If Lockwood reasonably believes in good faith, and consistent with applicable fiduciary standards, that a broker or dealer other than the Firm (with Pershing as the clearing firm) will provide better execution considering all factors including the net price, then Lockwood may place trades through another broker or dealer. Client hereby acknowledges that directing Lockwood to place trades through the Firm may result in certain costs or disadvantages to client, either because client may pay higher commissions or other costs on some transactions than might otherwise be attainable by Lockwood, or may receive less favorable execution on some transactions, or both. Not all advisers require their clients to direct brokerage transactions. However, if Lockwood was to place a transaction through a broker or dealer other than the Firm, the expense of commissions

or other transaction costs for or associated with services provided by another broker or dealer will be additional expenses not included in the Fee.

Furthermore, the Firm does not use soft dollar research or services.

Please refer to Item 6 of the Lockwood Brochure for more information on Lockwood's brokerage practices.

ITEM 13. REVIEW OF ACCOUNTS

Services Provided by the Firm

The Firm, through the IARs, will be available during business hours to answer any questions that the client may have regarding their Account and/or to provide client services. The Firm will notify clients in writing at least quarterly to contact the Firm if there have been any changes in their financial situation, investment objectives that might affect the manner in which their Account assets should be managed, or if the client wishes to add or make any changes to investment restrictions imposed on Lockwood.

The Firm will contact clients at least annually to arrange a meeting with client. At the annual meeting, the IAR assigned to the Account will inquire whether anything has changed in client's financial circumstances or investment objectives that might affect the manner in which the client's Account assets should be managed. This annual consultation is designed to determine whether the Program itself and the client's Portfolio are still appropriate and consistent with the client's financial circumstances and investment objectives. In addition, the client has the ability to add or modify any previously accepted investment restrictions imposed on Lockwood. The IAR also is available on an ongoing basis to discuss the client's participation in either Program or the client's investments in general. The Firm will forward any updated information it receives from client to Lockwood for review and assist the client in making any appropriate changes to the client's Account, if necessary.

Services provided by Lockwood

Under both Programs, Lockwood has certain responsibilities. Lockwood's execution of its responsibilities may have a significant impact on the composition and performance of the Portfolios as well as important tax consequences. Client should carefully consider the effect of these transactions effected by Lockwood as described below, and consult a qualified, independent tax professional for advice. Please refer to the Lockwood Brochure for more details.

Lockwood has the authority to make trades in client's account as necessary to fulfill its obligations under either Program. This includes the authority to make appropriate mutual fund (or ETF in FS Premier) replacements and Portfolio changes as described below. The client will be notified of such changes through confirmations and Account statements from the Custodian. The client does not have the ability to opt out of this aspect of the Program.

a. Program Fund Replacement

Lockwood may, in its discretion, remove a Program Fund from either Program, if such Program Fund fails to meet its screening criteria, and replace it with another Program Fund. In such circumstances, under both Programs, Lockwood will automatically move the assets from the old mutual fund or ETF into the new replacement mutual fund or ETF selected by Lockwood. The

foregoing replacement process will be subject to the usual and customary settlement procedures governing mutual funds and ETFs and may have adverse tax consequences. As noted above, Lockwood's fund selection criteria do not apply to the money market Program Fund or the FDIC-insured money market bank sweep arrangement.

b. Portfolio Changes

As part of its ongoing review and monitoring of Portfolios, certain financial and economic events may prompt Lockwood to change the recommended asset allocations comprising a given Portfolio. If Lockwood deems it advisable, it may, in its sole discretion, adjust the recommended asset class percentages forming a Portfolio. For both Programs, such a change may result in automatic adjustments to the investment style and Program Fund allocations in the client's Account. There may be adverse tax consequences when there is an adjustment to the Program Funds in your Account.

c. Account Rebalancing

The Programs contain a feature under which a client's Account is automatically rebalanced by Lockwood back toward the initial investment style allocation mix selected if the current weighting of the Program Funds causes an investment style to vary by a certain percentage threshold from the client's initial allocation and at least one of the rebalance trades exceed a dollar threshold. The percentage threshold may vary between 2.5% and 7%. The dollar threshold may vary between \$250 and \$1,000. This rebalancing feature is the sole responsibility of Lockwood and it helps ensure that the client's Account stays consistent with the selected Portfolio.

Over time some Program Funds will do better than others, which would cause the percentage of the Program Funds in a client's Account to change. If the performance of the Program Funds in a client's Account causes a given investment style to deviate from the initial allocation more than the applicable percentage threshold and a rebalance trade would exceed the applicable dollar threshold, then the client's Account will automatically be rebalanced so that the "out-of balance" investment style is set back toward its original selected allocation percentage.

As a result of rebalancing, each of the Program Funds within an out-of-balance investment style is also set back toward its initially selected percentage. In other words, Lockwood will purchase additional shares of certain Program Funds and sell shares of other Program Funds in order to return the client's investment style allocation back toward its selected allocation. Redemptions and exchanges resulting from rebalancing a client's Account may have adverse tax consequences.

All of the Portfolios in the Program have a cash investment style target level of 3% ("Cash Target"), meaning the Portfolios are designed to maintain approximately 3% in the cash investment style to pay for fees and charges under the Program. There may be instances when the cash allocation temporarily exceeds the Cash Target due to standard operational processing, such as the removal of Program Funds from client Accounts, processing of client contributions or withdrawals, or during the initial investment of a client Account. If the amount of a client's cash investment style varies beyond the percentage threshold (and the dollar threshold is met), then the client's Account will automatically be rebalanced by Lockwood back toward its original allocation mix so that the client's cash investment style again constitutes approximately 3% of the Portfolio. Lockwood reviews clients' Account(s) on at least a weekly basis to determine

if rebalancing should occur; however, client Accounts are not rebalanced during the first 90 days of their existence.

Performance Reports

Clients will receive a copy of the Account Performance Report from Lockwood. Additionally, clients have the ability to request an Account Performance Report from their IAR at any time. The report generally includes the beginning and ending account value, net contribution and withdrawals, and a rate of return for a specific time period. Clients should be aware that the Account Performance Report is not an official Account statement from the Custodian. It should be used only for informational purposes and should not be relied upon for making investment decisions or tax purposes.

Clients should carefully review such statements and contact the Firm or IARs immediately upon discovery of any errors, discrepancies or irregularities.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Additional Compensation Related to Advisory Activities and Referral Arrangements

The Firm is registered as both an investment adviser and a broker-dealer. In its role as a broker-dealer, the Firm focuses on a select group of mutual funds. These fund families (also called Strategic Partners and Conference Partners) receive a variety of benefits that are described in the Firm's "Disclosure Brochure-Mutual Fund Marketing and Compensation Arrangements" ("Partners Disclosure"), which clients will receive during the Account opening process. The distributor, investment adviser or another entity related to the Strategic Partner and Conference Partner fund family makes cash payments to the Firm to participate in the Strategic Partners and Conference Partners programs. A list of the participating Strategic and Conference Partners can be found in the Partners Disclosure. Clients should understand that none of the cash payments described therein are made directly to the Firm's branch managers, registered representatives or IARs who sell or recommend these products. Furthermore, branch managers, registered representatives and IARs do not receive a greater or lesser compensation for the sales of products for which the Firm receives cash payments.

Clients should also be aware that marketing or educational activities paid for with these payments may lead to greater exposure of these companies' products with the Firm's registered representatives and IARs. Therefore, payments made by Strategic and Conference Partners may create an incentive, or lead to a greater likelihood, for the Firm or its IARs to recommend the Programs over other advisory programs that do not include mutual funds issued by Strategic and Conference Partners or recommend Program Funds issued by Strategic and Conference Partners for client's FS Premier Portfolio.

From time to time, the Firm and its registered representatives (who may also be IARs) may also receive other forms of compensation from mutual fund companies that may issue Program Funds. Such mutual fund companies may sponsor their own conferences for training and educational purposes, which certain of the Firm's registered representatives are invited to attend. In addition to the Firm's RRs attending these conferences without charge, these mutual fund companies may also reimburse or pay for the travel and other related expenses incurred by the Firm's RRs or reimburse a Firm's branch office for expenses related to dinners or events for clients and other miscellaneous business-related expenses incurred by registered representatives.

The Firm enters into certain agreements with various organizations and associations pursuant to which such entities endorse financial products and services offered by or through the Firm and its affiliates. Typically, such entities provide access to their members in exchange for a flat fee.

IARs are charged a minimum annual administrative fee for each Account they open. A part of the Fee will be used to pay the administrative fee. If the Fee does not meet this minimum, IARs will be assessed the difference. While clients do not directly pay the annual administrative fee, it is paid out of the Fee. Therefore, IARs may have a financial incentive to charge clients a higher Fee or be less inclined to negotiate a lower fee with clients in order to meet this minimum.

The Firm may enter into marketing arrangements with third parties (Solicitors) who will receive compensation from the Firm for referring prospective investment advisory clients to the Firm. Where required by federal or state law, each marketing arrangement will be governed by a written agreement between the Firm and the Solicitor that complies with the SEC's "cash solicitation" rule (Rule 206(4)-3). In particular, clients will be provided with copies of Part 2A of the Firm's Form ADV, a separate solicitor disclosure statement that describes the nature of the marketing or referral arrangement (including compensation features) applicable to the client being referred, and any other document required to be provided under applicable law. The fees and expenses that the Firm pays to a Solicitor under these referral arrangements are not directly charged to referred clients, but depending on the circumstances, the existence of such marketing or referral arrangements may affect the Fee paid by clients or the Firm's or IAR's willingness to negotiate Fee reductions in particular instances.

Under these marketing arrangements, a Solicitor may introduce prospective clients to the Firm or an IAR to further discuss whether the Firm's investment advisory services, including the Program, may be appropriate for the prospective clients. The Solicitor's sole responsibility under the marketing arrangement is to refer prospective clients to the Firm or an IAR and may not provide investment advice to prospective clients or the Firm's clients on behalf of the Firm or the IARs. Additional information about this arrangement, including the relationship between the Solicitor and the Firm, the role of the Solicitor and any compensation that the Firm pays to the Solicitor for introducing prospective clients, is outlined in a separate solicitor disclosure statement, which the Solicitor will provide to prospective clients before they are introduced to the Firm or an IAR.

The Firm and certain banks and credit unions (collectively "Financial Institutions") have entered into networking arrangements where employees of Financial Institutions may refer individuals who may be interested in learning more about the Firm's products and services to the Firm and its sales force. The Firm will share a portion of the fees earned by the Firm with Financial Institutions for referring individuals who eventually purchase products and services, which may include the Programs, from the Firm. Employees of the Financial Institutions are not authorized to provide investment advice, or discuss the features of, or qualify individuals for, any product or services, on behalf of the Firm. Employees of Financial Institutions may receive

nominal compensation for referring individuals to the Firm regardless of whether such individuals obtains any products or services from the Firm. To the extent that a referred client participates in a Program, the compensation paid to Financial Institutions or their employees as described herein may increase or otherwise affect the Fees a customer pays for obtaining advisory services from the Firm. The fees and expenses that the Firm pays to a Financial Institution under these arrangements are not directly charged to referred clients, but depending on the circumstances, the existence of such marketing or referral arrangements may affect client's Fee or the Firm's or the IAR's willingness to negotiate fee reductions in particular instances.

The Firm wants its clients to make an informed decision when they purchase products or receive services from a Firm's RR or IAR. Therefore, the Firm is disclosing material arrangements and any potential conflicts of interest that clients may find informative when making their decisions. In addition to providing disclosures to its clients, the Firm, on an ongoing basis, supervises and communicates and/or trains its RRs and IARs on its policies and procedures regarding conflicts of interest. Furthermore, when an RR or an IAR makes a product or program recommendation to a client, the Firm reviews whether the recommendation is suitable for the client against any financial information provided by the client, such as the client's risk tolerance, time horizon and investment objective. Nevertheless, clients should always carefully and independently review all product or program features and risks, along with any applicable disclosures before making any investment decisions.

ITEM 15. CUSTODY

In order to effectuate trades under a Program, client will need to establish a brokerage account through the Firm with Pershing who will clear trades and act as custodian for client's assets under the Program. Accordingly, all trading activity in connection with the Programs will generally be effected through this brokerage account with the Custodian unless Lockwood can seek best execution elsewhere as described in Lockwood's Brochure. Custodian will act in the capacity as a clearing firm and perform centralized cashiering, bookkeeping and execution clearing and settlement functions. Custodian will handle the delivery and receipt of securities purchased or sold in client's brokerage account; receive and distribute dividends and other distributions; and process exchange offers, rights offerings, warrants, tender offers and redemptions. Custodian will send client statements of all activity in client's brokerage account on no less than a quarterly basis, and written confirmations of trades executed through Client's brokerage account.

WSS earns fees on the amount of money in the Deposit Account, including client's assets. WSS may earn a higher fee if client assets are swept into a Deposit Account than if client invests in a money market Fund. Pershing and the financial institutions that participate in the bank sweep arrangement ("Program Banks") may also earn a fee in connection with offering and/or administering the arrangement and the Deposit Account. Please refer to the Deposit Account Disclosure Document for full details. WSS is not affiliated with Pershing or any of the Program Banks. WSS and its affiliates may offer products and services to Pershing, Program Banks and each of their employees, officers, directors, agents and independent contractors in WSS's normal course of business.

Additionally, clients will receive Account performance reports on a quarterly basis from Lockwood. These reports generally include the beginning and ending account value, contributions and withdrawals, and a rate of return for a specific time period. Clients should be aware that the Account Performance Reports are not official Account statements from Pershing, should be used only for informational purposes and should not be relied upon for making investment decisions. Clients should carefully review Account statements and confirmations issued by Pershing and contact WSS or an IAR immediately upon discovery of any errors, discrepancies or irregularities.

ITEM 16. INVESTMENT DISCRETION

Except for the selection of the money market cash sweep vehicles for the cash investment style portion of the Portfolios as described in Item 4 of this Firm Brochure, the Firm and its IARs do not have investment discretion under the Programs. As described in Item 13 of this Firm Brochure and in Items 13 and 16 of the Lockwood Brochure, Lockwood has investment discretion over the assets in client's Account under the circumstances described therein.

Under the Program, clients have the opportunity to impose reasonable investment restrictions on Lockwood applicable to their assets in the Account by requesting them on the IAAA. Investment restrictions must be reasonable, as solely determined by Lockwood, and must be complete and consistent with applicable law. Lockwood will observe the investment restrictions that the Client provides in the IAAA, if deemed reasonable; provided that Lockwood reserves the right to seek further direction from the Client through the Firm before any such investment restrictions are observed. Clients may impose new, or modify any existing, investment restrictions at any time by contacting their IAR.

ITEM 17. VOTING CLIENT SECURITIES

The Firm and its IARs have no obligation or authority to take any action or render any advice with respect to proxies, consents, waivers or other documents with respect to any securities held by or for a client in client's Account.

Except with respect to voluntary corporate action notices, client expressly retains all responsibility for responding to proxies, consents, waivers and other documents with respect to any securities in the Program, which may be received from Pershing or the issuer's corporate communications service provider. Provided that Lockwood timely receives voluntary corporate action notices, Lockwood will determine on behalf of the client whether client's Account will participate in particular voluntary corporate actions. Lockwood will make such determinations in its full discretion, consistent with its policies and procedures. Client should refer to Item 17 in the Lockwood Brochure for additional details on its policies and procedures in this regard.

ITEM 18. FINANCIAL INFORMATION

The Firm does not require clients who participate in the Programs to prepay its fees six months or more in advance. Additionally, the Firm does not have any material financial conditions that it is required to disclose to clients. Clients should review the Lockwood Brochure for any disclosures that Lockwood may be required to make under this item.