

# Third Party Institutional Advisory Program Wrap Fee Brochure

**Walnut Street Securities, Inc.**  
A MetLife Company

## Third Party Institutional Advisory Program Wrap Fee Brochure

January 31, 2013

This wrap fee program brochure provides information about the qualifications and business practices of Walnut Street Securities, Inc. 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](http://www.adviserinfo.sec.gov).

Walnut Street Securities, Inc. is a registered investment adviser and securities broker-dealer. Please note, 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").

When required or appropriate, we will also provide clients ("you or "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.

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The following is a summary of material changes:

*No material changes.*

# ITEM 3 TABLE OF CONTENTS

| <u>Item #</u>   | <u>Page</u> |
|---|-------------|
| 1. COVER.....   | 1           |
| 2. MATERIAL CHANGES.....                                  | 2           |
| 3. TABLE OF CONTENTS.....                                 | 3           |
| 4. SERVICES, FEES AND COMPENSATION.....                   | 4           |
| 5. ACCOUNT REQUIREMENTS AND TYPE OF CLIENTS.....          | 6           |
| 6. PORTFOLIO MANAGER SELECTION AND EVALUATION.....        | 6           |
| 7. CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS..... | 7           |
| 8. CLIENT CONTACT WITH PORTFOLIO MANAGERS.....            | 7           |
| 9. ADDITIONAL INFORMATION.....                            | 7           |

## ITEM 4. SERVICE, FEES AND COMPENSATION

### a. Overview of the Advisory Services Offered by the Firm

The Firm makes available to you a number of proprietary and nonproprietary investment advisory programs and services. This Firm Brochure provides you with information about the Third Party Institutional Advisory Program (the "Program") available through the Firm. If you wish to learn about other investment advisory programs and the services that the Firm offers, you may contact the Firm or an investment adviser representative of the Firm ("IAR") to receive a similar disclosure brochure for those programs and services.

### b. Overview of the Program

The Firm has negotiated reduced brokerage and clearing fees with Pershing Advisor Solutions, Inc. ("PAS") for brokerage accounts (each is an "Account") opened through the Program, where PAS serves as the broker-dealer of record and PAS's affiliate, Pershing, LLC ("Pershing"), serves as the clearing firm. Clients who participate in the Program will open an Account with PAS through a separate brokerage agreement with PAS ("Brokerage Agreement").

The Firm also provides clients with certain advisory services outlined in this Firm Brochure, which such services are also described in the advisory services agreement between the Firm and clients ("Firm Advisory Services Agreement"). The Firm does not manage client assets under the Program, and therefore, clients must separately hire an Investment Manager, as defined below, to manage their assets held in the Account ("Assets").

The Firm charges clients an annual fee, which covers the services provided by the Firm as well as certain brokerage and trading services provided by PAS and Pershing for trades placed by clients or their Investment Manager in the Account.

### c. Services of the Firm

Under the Program, the Firm will assist you, if you so request, in identifying prospective third party investment managers who will provide you with asset management services. If you request for such assistance, the Firm will propose prospective third party investment managers to you for your consideration, based on criteria or other factors set solely by you. Upon your request, the Firm will also assist you in arranging meetings between you and the prospective investment managers and provide third party and/or prospective investment manager-produced performance data, benchmark reports and/or marketing brochure. You are not obligated to meet with, accept or use any prospective investment managers introduced to you by the Firm, and you may pursue an investment manager on your own without assistance from the Firm.

You should be aware that you are solely responsible for determining the appropriateness of hiring an investment manager to assist you in managing your assets, interviewing prospective investment managers (regardless of whether they were introduced by the Firm), and hiring an, and monitoring the performance of your hired, investment manager (such hired investment manager is an "Investment Manager").

The Firm has negotiated reduced brokerage and clearing fees with PAS for the Account that you will open in connection with your participation in the Program. You must execute a Brokerage Agreement directly with PAS to open an Account.

Upon execution of the Firm Advisory Services Agreement, the Firm will assist you in completing all of the paperwork required by PAS to open an Account. Upon your request, the Firm will also provide the following services: educational information to you so that you may either construct a new investment policy statement ("IPS") or monitor an existing IPS; serve as a liaison between/among you and Investment Manager and/or PAS to facilitate discussions between or among the parties; and/or any other services that may be mutually agreed upon in a written document signed by you and an authorized officer of the Firm.

During the term of the Agreement, the Firm will provide one or more of the following services when requested by you: educational information to you to enable you to perform a review of your then current IPS; be available to meet with you to discuss your financial condition or answer any questions that you may have regarding the services provided by the Firm or questions related to your brokerage arrangement with PAS, and if appropriate, refer such questions to PAS; serve as a liaison between/among you and Investment Manager and/or PAS to facilitate discussions between or among the parties; and/or any other services that may be mutually agreed to in a written document signed by you and an authorized officer of the Firm.

The foregoing services (collectively "Firm Services") are provided to you by the Firm through an IAR. You should be aware that the Firm does not guarantee that any particular IAR will be your IAR.

Firm Services do not include any services not specifically defined as Firm Services above, including but not limited to: i) managing your Assets; ii) exercising any discretionary authority over the purchase or sale of any assets in your Account, except under the limited circumstances specified in the Firm Advisory Agreement and Item 4 (d)(iii), Payment of Fees and Charges, below ; iii) the hiring, firing or monitoring of any Investment Manager or any other service providers including PAS; and/or iv) respond to any proxies, consents, waivers and other corporate action-related documents with respect to any securities held in your Account or advise you on such matters. You are solely responsible for making all investment and service related decisions, including but not limited to: granting investment discretion to any Investment Manager, if applicable; investing in any securities; creating an IPS and making any and all changes thereto; selecting, monitoring and retaining any Investment Manager or broker-dealer, including PAS; and employing any service providers, consultants or agents to assist you. Additionally, while the Firm may from time to time agree to assist you by forwarding any changes in your financial situation, investment objectives, time horizon, risk tolerance and/or any other information to PAS on your behalf for processing, you understand and agree that you have a direct contractual relationship with PAS for brokerage services and you are solely responsible for communicating such changes to PAS directly. Therefore, you should monitor and ensure that PAS has your current information at all times.

Because the Firm does not manage your Assets or provide you with advice on how your Assets should be managed, you will need to independently hire an Investment Manager to manage the Assets in your Account. Your Investment Manager will be solely responsible for managing your Assets, setting and charging its

own advisory fees for the services that it offers you, and for the performance of its obligations to you under the asset management agreement that it has with you (“Asset Management Agreement”). While the Firm may from time to time agree to assist you by facilitating communications between you and your Investment Manager on matters related to the management of your Assets or to your IPS, or forwarding any changes in your IPS, financial situation, investment objectives, time horizon, risk tolerance and/or investment restrictions, if applicable, to the Investment Manager on your behalf, you understand and agree that you have a contractual relationship directly with the Investment Manager and you are solely responsible for communicating such matters directly to the Investment Manager. Therefore, you should monitor and ensure that the Investment Manager has, at all times, your current and material information, which may affect the management of your Assets by the Investment Manager, and that the Investment Manager is managing your Assets in accordance with such information.

#### **d. Brokerage and Custodial Services**

PAS will provide brokerage services and Pershing will provide clearing services for your Account. The Firm is not a party to the Brokerage Agreement and does not provide brokerage and trading services in connection with your Account. As described in greater details below, the fee that you pay the Firm includes certain brokerage and clearing costs. Therefore, you will need to authorize and direct the Investment Manager to place trades in the Account, unless required otherwise by applicable law and/or the Asset Management Agreement. You understand that the Account may only be used in connection with the Program.

If trades are not placed through the Account and executed through Pershing, which may occur if: i) you direct the Investment Manager to place trades through a broker-dealer other than PAS, ii) at the Investment Manager’s discretion, you grant Investment Manager such discretion, or iii) required by applicable law, you may be subject to fees and charges that are in addition to the fees and charges identified in your Firm Advisory Services Agreement, the PAS Schedule of Charges for the Account (“PAS Fee Schedule”) and/or this Firm Brochure. You should discuss such possible fees and charges with the Investment Manager.

Pershing will send you statements of all activities that took place in your Account on no less than a quarterly basis, and written confirmations of trades placed by the Investment Manager through the Account.

#### **e. Fees and Charges.**

##### **i) The Firm’s Fee**

You will pay one annual fee (the “Fee”), which covers Firm Services provided by the Firm through an IAR, brokerage services provided by PAS in connection with the Account, and the clearing and settlement services provided by Pershing for trades placed by the Investment Manager in the Account. Currently the Fee does not exceed 1.00% of the Asset value, which is calculated by Pershing to include any portion maintained in cash and/or short-term investments including but not limited to money market funds or amount deposited in any bank cash management sweep arrangements. The Fee is negotiable between you and the Firm, and the Firm reserves the right to change the Fee upon notice to you in accordance with the Firm Advisory Services Agreement. The Firm shares a portion of the Fee with your IAR.

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 the IARs 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 Program, IARs may potentially recommend an investment advisory program that offers them the greatest compensation potential.

You should be aware that you may invest directly in securities without Firm Services or open a brokerage account with another broker-dealer other than PAS, and it may be less costly for you to do so. When assessing these costs, you should consider factors, including but not limited to, services that you will receive, the number of trades that you anticipate placing, the quality of trade execution provided by the clearing firm and ability to access an investment adviser. If you choose to invest outside of the Program, you will not receive the benefit of having Firm Services. You should also understand that the Firm does not represent that the Fee you pay is the same as or lower than that charged by the Firm to other customers who may receive the same or similar services, or is the same as or lower than that charged by other investment advisers who offer similar or same services.

##### **ii) Other Fees and Charges**

In addition to the Fee, you may also incur certain charges imposed by investment product issuers for the investments you hold in the Account, which are detailed in the product’s prospectus or offering document, if applicable. Except for the execution charges described above, the Fee also does not include any fees shown in the PAS Fee Schedule that PAS may charge you for certain services or the type of Account that you may open. For example, PAS charges a fee for maintaining an IRA, closing an Account or a bounced check. Furthermore, the Fee does not include the advisory fee charged by your Investment Manager for its services. Unless otherwise noted in the Firm Advisory Services Agreement, all fees and charges other than the Firm’s Fee are determined and assessed solely by PAS, Investment Manager and/or other third parties. The Firm does not negotiate such fees and charges on your behalf. You should review the PAS Fee Schedule, your Investment Manager’s Form ADV and the prospectuses and/or other offering documents for your investments for all applicable fees and charges.

##### **iii) Payment of Fees and Charges**

Your initial Fee is due upon the Firm’s approval and acceptance of your Firm Advisory Services Agreement and your Account is funded with Assets. The first payment will be based on the opening value of the Account, as calculated by Pershing, including any portion of the Assets maintained in cash and/or short-term investments, including but not limited to money market funds or amount deposited in any bank cash management sweep arrangements, and prorated to cover the period from the date that the Account is funded through the end of the calendar quarter in which the Account is opened. Thereafter, your quarterly Fee will be paid at the beginning of each calendar quarter for such quarter and the Fee will be based on the fair market value of the Assets in the Account, as calculated by Pershing, including any portion of the Assets maintained in cash

and/or short-term investments including, but not limited to, money market funds or amount deposited in any bank cash management sweep arrangements, on the last business day of the preceding calendar quarter.

You may withdraw Assets from your Account at any time, subject to Pershing's usual and customary settlement procedures. However, you should know that no adjustment or partial refund will be made to the Fee with respect to any partial Asset withdrawal made during a calendar quarter.

Through the Firm Service Agreement, you authorize Pershing to deduct the Fee from Assets in your Account. You should maintain sufficient Assets in cash to pay for the Fee and all other applicable fees and charges. If there is insufficient cash to pay for all fees and charges, including the Fee and any debit owed by you to the Firm, the Firm, through your authorization in the Firm Advisory Services Agreement, may instruct PAS or Pershing to sell any Assets in the Firm's sole discretion in your Account to satisfy any outstanding amount that you may owe. You should be aware that to the extent PAS or Pershing must liquidate any securities in your Account to pay for the Fee or any other fees and charges, you may face a taxable event, to which capital gains (or other) taxes apply. You should speak with a qualified independent tax advisor for tax advice.

Pershing or PAS will send account statements to you, showing all disbursements, including the Fee, made from your Account. You should verify the accuracy of all Fee calculations and deductions from your Account, and promptly notify your IAR or the Firm if you do not agree with the amount of Fee deducted or the method of computation.

You should know that the Firm is not responsible for, and will not be liable to you for, any fees or charges assessed by PAS, Pershing or Investment Manager, or for any deductions from your Account in connection therewith, as your authorization or instruction to Pershing to deduct such fees or charges are governed by the agreement between you and PAS and Investment Manager, respectively. You should contact them directly if you have any questions or if you need to file any dispute.

#### **iv) Termination**

Either the Firm or you may terminate your participation in the Program by terminating the Firm Advisory Services Agreement at any time with or without reason upon written notice to the other party. Once the Firm Advisory Services Agreement has been terminated, the Firm and your IAR shall no longer have any obligation to you under such agreement and will cease to provide you Firm Services.

Upon termination, the Firm through Pershing will refund to you a pro-rata portion of any prepaid, but unearned Fee that you paid for the current quarter. The amount refunded to you will be based on the number of days remaining in the quarter after the date of termination. You are responsible to pay for Firm Services through the date of termination, and the termination of your Firm Advisory Services Agreement will not affect any liability or obligation incurred by you prior to termination, or any liability or obligation that you may owe to PAS, Pershing or Investment Manager. You understand that the liquidation of any Assets to pay for any fees and charges that you may owe may have tax consequences, and you may face a taxable event, to which capital

gains (or other) taxes apply. You should discuss these tax consequences with an independent tax advisor of your own choosing, as you are solely responsible for all applicable taxes in connection with the Asset liquidation described herein.

You should also be aware that the termination of your Firm Advisory Services Agreement with the Firm does not terminate your Asset Management Agreement with Investment Manager, but it does automatically terminate your Brokerage Agreement with PAS. Similarly, the termination of Asset Management Agreement does not terminate your agreement with the Firm. However, the termination of the Brokerage Agreement will automatically terminate your agreement with the Firm. Therefore, it is your sole responsibility to notify PAS, Investment Manager and the Firm if any agreement between you and any of the foregoing parties is terminated in order to minimize any effect that the termination of one agreement may have on the other agreements and/or services provided by the remaining service providers. The Firm is not liable to you for any loss, including any investment loss, that you may sustain due to your failure to ensure, or your delay in ensuring, that the termination of one agreement does not affect the services that you receive from any other service providers or any duty or obligation that you may have under any agreement or arrangement.

#### **ITEM 5. ACCOUNT REQUIREMENTS AND TYPE OF CLIENTS**

The Firm generally makes the Program available to high net worth individuals, various types of business organizations, pension and profit-sharing plans, charitable institutions, foundations, endowments and trusts.

In order to apply for and participate in the Program, you will need to provide the Firm certain information about yourself, including but not limited to your net worth, investment objectives, time horizon and risk tolerance, and how you intend to fund your Account. The Firm may also ask you to provide a government issued identification, social security number or tax payer identification number and/or other applicable documents such as a corporate resolution, a trust agreement or a court issued decree. The foregoing information (collectively "Client Information") may be collected through one or a combination of forms created by the Firm, PAS and/or Investment Manager. Additionally, you must execute a Firm Advisory Services Agreement, which is subject to acceptance by the Firm at its sole discretion.

The Firm does not impose any minimum initial or subsequent investment requirement in order for you to participate in the Program. However, you are solely responsible for understanding and meeting any minimum initial and ongoing investment requirement that may be imposed by Investment Manager or investment product issuers. Neither the Firm nor the IAR shall have any responsibility for monitoring your Account for any funding or maintenance requirements in order for Investment Manager to initiate any investment or trading activity.

#### **ITEM 6. PORTFOLIO MANAGER SELECTION AND EVALUATION**

As noted in Item 4 above, the Firm will assist you, if you so request, in identifying prospective third party investment managers who will provide you with asset management services. If you request for such assistance, the Firm will propose prospective third party investment managers to you for your



consideration, based solely on criteria or factors set by you. Neither the Firm nor the IAR will recommend or review any third party investment managers using any criteria or factors other than those that you communicated to the Firm. You are not obligated to meet with, accept or use any prospective third party investment managers introduced to you by the Firm, and you may pursue an investment manager on your own without assistance from the Firm.

The Firm does not review, verify, calculate or monitor Investment Manager or any prospective third party investment manager's performance information. You should refer to each of their Form ADV for additional details.

## **ITEM 7. CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Your Client Information is used by the Firm and its IARs to provide you with Firm Services under the Program. The Firm also makes available Client Information to PAS, Pershing and/or Investment Manager so that they may fulfill their obligations to you. You have an obligation to promptly inform the IAR or the Firm of any change in any Client Information that you previously provided to the Firm, and you should also promptly notify PAS and Investment Manager of any changes in any information that you may have previously provided to them or the Firm so that they may determine whether such changes may have a material impact on the services that they provide to you, including how Investment Manager may manage your Assets.

## **ITEM 8. CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Any assistance that the Firm may provide in connection with setting up meetings between you and Investment Manager is subject to your Asset Management Agreement with Investment Manager and the Investment Manager's availability. Please refer to the Investment Manager's Form ADV and your Asset Management Agreement for details, including any limitation on Investment Manager's accessibility.

## **ITEM 9. ADDITIONAL INFORMATION**

### **a. Disciplinary Information**

In September 2006, the Firm and certain of its affiliates reached a settlement with the National Association of Securities Dealers (NASD) relating to allegations that the Firm 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. The Firm 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. The Firm and its affiliates also agreed to pay a fine, joint and severally, of \$5,000,000.

In November 2009, the Firm 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. The Firm and its affiliates were fined \$1,200,000 jointly and severally. The Firm's portion of the fine was \$240,000.

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

The Firm is registered with the SEC as an investment adviser and a broker-dealer and its principal officers are registered as IARs and/or 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 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 RR's who may also be IARs, provides a broad range of securities brokerage services which may include clients who participate in this 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 RR's have a financial interest or may themselves purchase or sell. For example, MetLife, Inc. (NYSE: MET) is the ultimate parent company of the Firm and its shares are publicly traded. Clients should be aware that compensation earned by the Firm and its RR's vary by product and issuer. Therefore, the Firm and its RR's may receive more compensation for selling certain products issued by a Firm affiliate than for selling certain products issued by unaffiliated companies.

Furthermore, 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 the Financial Industry Regulatory Authority, Inc. ("FINRA").

Where permitted by the Firm and authorized by the prospective customer, a RR or an IAR of NES, MSI or TSS may refer such prospective customer to a Firm RR or IAR in exchange for a referral fee, or such RR or IAR of NES, MSI or TSS may work with a Firm RR or IAR in order to jointly sell products and services, including this Program, to a prospective customer. Any commissions or fees generated as a result of the joint sale will be shared.

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.

Your Investment Manager, a prospective third party investment manager that you are considering for the Program and/or their affiliates may have a business relationship with the Firm and/or its affiliates outside of the Program. The Firm, its affiliates and each of their RRs and/or IARs may sell products sponsored and/or issued by Investment Manager, a prospective third party investment manager and/or their affiliates in exchange for a fee or a commission, and Investment Manager, a prospective third party investment manager and/or their affiliates may also pay the Firm and/or its affiliates a marketing fee and/or other forms of direct and/or indirect compensation.

#### **c. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

To help manage conflicts of interest, the Firm 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 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 the Firm 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 upon request to the Firm. The Firm 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 the Program. In addition, the Firm and its IARs may give advice or take action in performing their duties for one client in the Program that differs from the advice provided, or in the timing and nature of action taken, with respect to another client in the Program.

#### **d. Review of Accounts**

The Firm, through the IARs, will be available during business hours to answer any questions that you may have regarding the Program and/or Firm Services. The Firm does not review Investment Manager's performance, any activities in your Brokerage Account or your IPS. Please see Item 4 for the services offered by the Firm through the Program.

#### **e. Client Referrals and Other Compensation**

The Firm enters into 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 or other negotiated compensation arrangement permitted by applicable law.

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. Each marketing arrangement will be governed by a written agreement between the Firm and the Solicitor that complies with applicable securities laws, rules and regulations. 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 the applicable law. Depending on the circumstance, the existence of such marketing or referral arrangements may affect the client's Fee or the IAR's willingness to negotiate a lower Fee with the client.

Under these marketing arrangements, a Solicitor may introduce prospective clients to the Firm or an IAR to 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 IAR. 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.

Additionally, the Firm and certain banks and credit unions (collectively "Financial Institutions") have entered into alliance arrangements where employees of Financial Institutions may refer individuals who may be interested in learning more about the Firm's advisory services to an IAR. The Firm will share a portion of the fees earned by the Firm with Financial Institutions for referring individuals who eventually obtain advisory services from the Firm. The Financial Institutions and their employees are not authorized to provide investment advice, or discuss the features of, or qualify any individual for, advisory services, on behalf of the Firm. Employees of the Financial Institutions may receive nominal compensation for referring individuals to IARs regardless of whether such individuals obtain advisory services from the Firm. The compensation paid to Financial Institutions or their employees as described herein may increase or otherwise affect the fees a customer pays for the Firm's advisory services. The fees and expenses that the Firm pays to a Financial Institution under these arrangements are not passed on to referred clients, but depending on the circumstances, the existence of such marketing or referral arrangements may affect the amount of the Firm's overall fees or its willingness to negotiate fee reductions in particular instances.

#### **f. Making an Informed Decision**

The Firm wants you to make an informed decision when you 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 you may find informative when making your financial decisions. In addition to providing disclosures to you, the Firm, on an ongoing basis, communicates, trains and/or supervises 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, including you, 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, you should always carefully and independently review all product or program features and risks, along with any applicable disclosures before making any investment decisions.



**g. Other Disclosures**

The Firm (including the IAR), and/or its affiliates, may have investment responsibilities, render investment advice to and perform other investment advisory services for other individuals and entities ("Other Accounts"). Clients should be aware that the Firm, its affiliates, and their respective partners, directors, officers, agents, IARs and employees may buy, sell or trade in any securities for their respective accounts ("Affiliates Accounts"). The Firm (including the IAR), and/or its affiliates, may give advice or exercise investment responsibility and take such other actions with respect to Other Accounts and Affiliated Accounts which may be similar to, differ from, or contradict, the advice given or the timing or nature of action taken with respect to a client's account.

Additionally, Other Accounts and Affiliated Accounts may at any time, hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which a client's account may have an interest from time to time, whether in transactions which involve the client's account or otherwise. For programs where the Firm buys and sells investments for the client, client should be aware that the Firm has no obligation to purchase for the client's account a position in any investment which Other Accounts or Affiliated Accounts may acquire, and that the client shall have no first refusal, co-investment or other rights in respect of any such investment.

**h. Financial Information**

The Firm does not require you to prepay any Fees six months or more in advance. Additionally, the Firm does not have any financial commitment that may impair its ability to meet its contractual or fiduciary commitment to its clients under the Program, and has not been subject to a bankruptcy proceeding.