



**Member BNP Paribas Group**

## **BANCWEST INVESTMENT ADVISORY SOLUTIONS WRAP FEE PROGRAM BROCHURE**

### **MANAGED ACCOUNT PROGRAMS**

**This wrap fee program brochure provides information about the qualifications and business practices of BancWest Investment Services, Inc. and the BANCWEST INVESTMENT ADVISORY SOLUTIONS Program. If you have any questions about the contents of this brochure, please contact your BancWest Investment Services, Inc. Financial Advisor. This Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about BancWest Investment Services, Inc. (“BWIS”) also is available on the SEC’s website at [www.adviserinfo.gov](http://www.adviserinfo.gov).**

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March 28, 2013

### **NOTICE OF MATERIAL CHANGES**

The following is a summary of material changes to this Wrap Fee Program Brochure since our last update on November 6, 2012. We update the Brochure no less frequently than on an annual basis.

The Officers and Directors of BancWest Investment Services have been updated.

**BANCWEST INVESTMENT ADVISORY SOLUTIONS  
WRAP FEE PROGRAM BROCHURE  
MANAGED ACCOUNT PROGRAMS**

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## I. Services, Fees & Compensation

### *Introduction*

BancWest Investment Services, Inc. (“*BWIS*,” “*we*” or “*us*”) is dually registered with the Securities and Exchange Commission (“*SEC*”) as an investment adviser and as a broker-dealer, and is also a member of the Financial Industry Regulatory Authority (“*FINRA*”). *BWIS* is exclusively a domestically-registered investment adviser. Our associated persons are individually licensed as our registered representatives, and some are also licensed as our investment adviser representatives (“*advisory representatives*”). *BWIS* is a subsidiary of the Bank of the West (“*BOTW*”), which in turn, is an affiliate of First Hawaiian Bank (“*FHB*”). (*BOTW* and *FHB* are subsidiaries of BancWest Corporation (“*BWC*”). Investment Strategy and Advisory Team (*ISAT*) is part of the Trust division of *BOTW*, *BWC* is a wholly-owned subsidiary of BNP Paribas, SA, a publicly owned limited liability banking institution organized in France (“*BNP Paribas*”).

We provide advisory clients with the opportunity to participate in any of the managed account offerings in our BANCWEST INVESTMENT ADVISORY SOLUTIONS Program (“*Programs*”). Portfolio Management Consultants (“*PMC*”) Mutual Fund Strategies; *PMC* ETF Strategies; *PMC* Enhanced Index Strategies; and *PMC* Unified Managed Accounts are sponsored by *BWIS* and managed by Envestnet, Inc. (“*Envestnet*”)/Portfolio Management Consultants (“*PMC*”), an investment adviser registered with the SEC. Separately Managed Accounts are sponsored by *BWIS* and managed by separate account managers. Client Discretionary accounts are sponsored by *BWIS* and managed by the Client and *BWIS* advisor representative. The Russell Model Strategies are sponsored by *BWIS* and managed by Russell Investment Management Group. The Bank of the West Mutual Fund Strategies are sponsored by *BWIS* and managed by Bank of the West, an affiliate of *BWIS*. Envestnet assists us in implementing and administering the Programs, and provides us with research and advisory services to assist in screening, selecting, and monitoring investment managers selected for certain Programs by Envestnet (“*Sub-Managers*” and certain “*Strategists*”), securities, and mutual funds (“*Funds*”) available through the Programs.

In association with the Programs, we establish an account for each client (“*Program Account*”) and require that clients establish retail brokerage accounts with Pershing, LLC (“*Pershing*”) in order to execute transactions and receive custodial, administrative and other services. If the client chooses to designate another broker-dealer to carry an account and/or execute transactions, that account and the assets held in that account will *not* be eligible for participation in the Programs.

### *Program Overview*

Through the Programs, for a single asset-based fee, clients may obtain discretionary portfolio management, non-discretionary portfolio management, model portfolio allocation services, and stock, bond, mutual fund and exchange-traded fund (“*ETF*”) asset allocation services, as well as custodial, execution, and other services. Depending on the Program, we provide clients with recommendations designed to create diversified portfolios among Funds, other securities, and sub-accounts managed by Sub-Managers or Strategists (“*Sub-Accounts*”), including Envestnet. An advisory representative assists the client to review and evaluate the client’s investment objectives through the use of a questionnaire, assists the client to choose among the Programs, and recommends initial asset allocations within the chosen Programs.

Envestnet provides certain services for each of the Programs. For *PMC* Mutual Fund Strategies, *PMC* ETF Strategies, *PMC* Enhanced Index Strategies, and *PMC* Enhanced Index Strategies, *PMC* provides discretionary portfolio management. For Client Discretionary Accounts, Envestnet and *BWIS* provide non-discretionary portfolio management, and for Separately Managed Accounts, Sub-Managers provide discretionary portfolio management. For Russell Model Strategies, Russell Investment Management Group provides discretionary portfolio management. For Bank of the West Mutual Fund Strategies, *ISAT* provides discretionary portfolio management. Depending on the Program, clients may invest in various investment vehicles such as stocks, bonds, Funds, real estate investment trusts (“*REITs*”), ETFs and U.S. government securities.

Clients should know that the assets that they designate in each Program (“*Assets*”) are likely to be managed in a manner similar to that of other clients having similar investment objectives and risk tolerances using the same Manager and investment strategy.

While *BWIS* and Envestnet may consider non-Program Assets in the formulation of their investment recommendations, generally they will not offer advice on those assets and those assets will likely not be taken into account in making the periodic asset allocation adjustments in the various Programs. Clients should also be aware that liquidating assets in order to fund Program Accounts may create tax consequences and that such matters should be discussed with independent tax advisors prior to investing in any of the Programs.

Investment advice may be offered on any investments held by a client at the start of the advisory relationship. Depending on the Program selected, advice regarding new investments will typically include exchange-listed securities, securities traded in over-the-counter markets, Fund, ETFs, U.S. government securities, and REITs. Program trading strategies include long-

term purchases (securities held for at least one year) and short-term purchases (securities sold within one year).

**PMC Mutual Fund Strategies.** This Program is a mutual fund managed account program comprised of Funds available from within Pershing's universe of no-load and load-waived Funds. Envestnet has constructed 14 model portfolios, half of which are tax-sensitive and the remaining half non-tax-sensitive. The models offer investment strategies including Equity, Aggressive Growth, Growth, Balanced, Conservative, Capital Preservation, Fixed Income. The percentage of assets allocated between equities, bonds and cash is based on the investment objectives of the model (e.g., a Diversified Equity portfolio may hold up to 98% in equity funds and 2% cash, while the Capital Preservation model may typically hold only 15% in equity funds, 83% in bond funds and 2% in cash).

Advisory representatives review asset allocation options which are generated as a result of client responses to our Questionnaire and assist clients in selecting a model portfolio. Then Envestnet is solely responsible for re-balancing, monitoring and managing the client's Assets, and has unlimited investment discretion with respect to any changes within the allocations of the selected portfolio model. Envestnet initiates all PMC Mutual Fund Strategies securities transactions and continuously monitors client PMC Mutual Fund Strategies Accounts. Neither we nor our advisory representatives have any discretion with respect to PMC Mutual Fund Strategies Accounts.

**Client Discretionary.** This Program is a managed account program in which clients retain discretionary authority to select investments within the portfolio and to select Sub-Managers who manage investments held in the portfolio. Advisory representatives assist clients in selecting securities, including NTF Funds, stocks, bonds, UITs, ETFs, variable annuities, and other securities made available by Pershing. Advisory representatives also assist clients with allocating assets among Sub-Accounts managed by Sub-Managers, which may include Envestnet or its affiliates. Advisory representatives may consider materials provided by Envestnet to make recommendations regarding certain investments.

When appropriate, advisory representatives may also include a client's existing holdings in a more detailed portfolio analysis. A diagnostic report is then generated which reflects the client's current asset allocation and the historical performance of the current investments, provides a comparative analysis of current investments to peers, an analysis of investments in correlation to appropriate indices, the risk exposure of the current investments, and a summary of the expenses and tax efficiency of the current investments.

Envestnet provides us with information regarding current and target asset allocations for each of Client Discretionary accounts and notifies us of variances during specified periods. We provide investment advisory services to these accounts on a non-discretionary basis by assisting clients in making their own investment decisions. Clients provide us with limited trading

authority to effect securities transactions in the Account on the client's behalf and as directed by the client. Clients also provide us with limited authority to establish Sub-Accounts and to direct Envestnet to arrange for the management of assets by Sub-Managers as directed by the client. We continuously monitor the Accounts, but clients must approve all transactions, except transactions effected by Sub-Managers for any Sub-Accounts, and are responsible for adjusting allocations to rebalance the Client Discretionary portfolios.

**PMC ETF Strategies.** This Program is a managed account program comprised of model portfolios of ETFs developed by Envestnet. ETFs are investment companies that track a specific index or benchmark, and their shares are traded on a stock exchange. Once the advisory representative assists a client to select a model ETF portfolio, Envestnet manages the Account and, subject to accepted restrictions imposed by the client, directs investments and initiates all securities transactions on a discretionary basis. Envestnet is solely responsible for rebalancing, monitoring and managing the Program Assets, and retains discretionary authority to adjust asset allocations and replace or reduce ETFs in the Account. Neither we nor our advisory representatives have any discretion with respect to PMC ETF Strategies Accounts.

**PMC Enhanced Index Strategies.** This Program is a managed account program comprised of model portfolios of Funds (including index funds) available from within Pershing's universe of NTF Funds and ETFs. The model portfolios are developed by Envestnet. Once the advisory representative assists a client to select a model portfolio, Envestnet serves as the Account manager and, subject to any restrictions imposed by the client, supervises and initiates all Account securities transactions on a discretionary basis. Envestnet is solely responsible for rebalancing, monitoring and managing the PMC Enhanced Index Strategies assets and retains discretionary authority to adjust asset allocations and replace or reduce ETFs and/or Funds in PMC Enhanced Index Strategies accounts. Neither we nor our advisory representatives have any discretion with respect to PMC Enhanced Index Strategies Accounts.

**PMC Unified Managed Accounts.** This Program is a managed account program comprised of various securities, including NTF Funds, ETFs, stocks, bonds and separately managed accounts, selected by Envestnet and based upon information submitted by clients. With the assistance of third-party investment advisors who provide research services, investment strategy and asset management services ("*Research Providers*"), Envestnet constructs model portfolios to manage clients' investments. Once the advisory representative assists a client to select a model portfolio, Envestnet serves as the Account manager and, subject to any restrictions imposed by the client, supervises and initiates all securities transactions on a discretionary basis. Envestnet is solely responsible for rebalancing, monitoring and managing the PMC Unified Managed Accounts Assets, and has unlimited investment discretion to allocate investments in the portfolio model selected by the client. Neither we nor our advisory representatives have any discretion with respect to Program 6 Accounts.

**Russell Model Strategies.** This Program is a managed account program comprised of model portfolios of selected fund strategist portfolios (“Strategist Models”). The Strategist Models are developed by investment advisors (“Strategists”) and are managed by Envestnet pursuant to trade and rebalancing instructions provided by the Strategists. The Program currently offers five model strategies: conservative, moderate, balanced, growth and equity growth. Once the advisory representative assists a client with selecting a model portfolio, Envestnet serves as the Account Manager (pursuant to instructions provided by the Strategist and subject to any restrictions imposed by the client), and supervises and initiates all securities transactions on a discretionary basis. Based on instructions received from the Strategist, Envestnet is responsible for rebalancing the Russell Model Strategies and retains discretionary authority to adjust asset allocations and replace or reduce Mutual Funds in Russell Model Strategies Accounts. Neither we nor our advisory representatives have any discretion with respect to Russell Model Strategies Accounts.

**Bank of the West Mutual Fund Strategies.** This Program is a mutual fund managed account program comprised of Funds available from within Pershing’s universe of no transaction fee (“NTF”) Funds. Bank of the West’s Investment Strategy and Advisory Team (ISAT) has constructed 19 proprietary asset allocation model portfolios, comprised of taxable and tax-efficient. The models offer investment strategies including Diversified Equity, Diversified Equity with Income, Balanced Equity, Balanced, Diversified Income, Income, and Capital Preservation. The percentages of assets allocated between equities, bonds and cash is based on the investment objectives of the model (e.g., an Equity Mutual Fund strategy may hold up to 86.5% in equity funds, 11.5 alternatives, and 2% cash, while the Capital Preservation strategy may typically hold 20% in equity funds, 3% alternatives, 75% fixed income and 2% in cash).

Advisory representatives review asset allocation options which are generated as a result of client responses to our Questionnaire and assist clients in selecting a model portfolio. Then ISAT is solely responsible for re-balancing, monitoring and managing the client’s Assets, and has unlimited investment discretion with respect to any changes within the allocations of the selected portfolio model. ISAT initiates all Bank of the West Mutual Fund Strategies’ securities transactions and continuously monitors client models. Neither we nor our advisory representatives have any discretion with respect to Bank of the West Mutual Fund Strategy accounts.

#### *Program Considerations*

**Program Agreements.** Program services are governed by the terms of an investment advisory agreement between us, the advisory representative, Envestnet, and the client (“*Client Agreement*”), under which a client becomes an investment advisory client of BWIS and Envestnet. BWIS also entered into an

agreement with the advisory representative, Envestnet, Bank of the West and the client, under which the client becomes an investment advisory client of BWIS and Bank of the West. We have entered into a separate master agreement with Envestnet, and Envestnet has entered into similar agreements with each Sub-Manager and Strategist, including Bank of the West Investment Strategy and Advisory Team. Through the Envestnet agreements with the Sub-Manager and Strategists, a client also becomes an investment advisory client of each Sub-Manager or Strategist engaged by the client, provided that the Sub-Manager or Strategist accepts the client’s Program Account for management. By executing the Client Agreement, including any substitute or transfer of power of attorney later executed to change Sub-Managers or Strategists, each client ratifies and confirms any and all orders, instructions and/or acts of each Manager given or performed and executed by the Manager with respect to the Assets.

**Client Questionnaire & Statement of Investment Selection.** With the assistance of an advisory representative, each client completes a questionnaire or an equivalent profiling tool (“*Questionnaire*”). By responding to the Questionnaire, a prospective client informs us of the client’s investment objective, risk tolerance and investment time horizon for the Assets designated for the proposal, (together, “*Questionnaire Responses*”). Based on the Questionnaire Responses and any other information about the client’s financial situation that a client may provide (together with the Questionnaire Responses, “*Client Information*”), the advisory representative will analyze each client’s current investments, goals and objectives, financial circumstances, investment experience, risk tolerance, as well as, reasonable restrictions the client may wish to impose on the management of the assets and will recommend a Program believed to help the client meet his or her financial goals. Then using specialized software that Envestnet designed and which has been provided to us, the advisory representative will work with the client to prepare and review a customized Statement of Investment Selection (“*SIS*”), which incorporates an Investment Profile Summary, summarizes the information the client provided in the Questionnaire, provides a listing of the investments selected for the client’s portfolio, and an overview of the importance of asset allocation and the investment process. After reviewing the SIS, the client, with the assistance of the advisory representative, will open a Program Account and will sign the Client Agreement, which specifies the fees to be charged for the Program, and any other agreements associated with the Program. Thereafter, the Program Account will be managed (or investment advice provided) in accordance with the terms of the Program.

Each client must notify us and their advisory representative promptly, in writing, of any material changes in Client Information or other circumstances that might affect the manner in which services are provided to the client by us or a Manager. Advisory representatives are available to meet with clients on a regular basis to discuss the client’s Program Account. We communicate any changes in client circumstances, needs, or Program Account restrictions to Envestnet. Advisory representatives contact clients on at least an annual basis to discuss individual client circumstances, and at least quarterly we will prompt clients in writing to contact their advisory representative with respect to any changes in their individual circumstances.

**Client-Imposed Investment Restrictions.** A client may impose reasonable restrictions on the management of Assets, including that particular securities may not be purchased. However, the client may not require that particular securities be purchased. Any restrictions a client imposes on the management of Assets may cause a Manager to deviate from investment decisions it would otherwise make in managing the Assets. Unless a client imposes restrictions on the management of Assets, it is likely that the client's Assets will be managed in a manner very similar to that of other clients with similar investment objectives and risk tolerances that use the same strategy. Clients should promptly notify us of any changes in such restrictions.

**Other Restrictions.** If a client or Account is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or Section 4975 of the Internal Revenue Code of 1986, as amended ("IRC"), unless the client affirmatively elects Envestnet as a Sub-Manager in the Separately Managed Accounts, only Sub-Managers unaffiliated with Envestnet and us will be used. Use of investment strategies or Sub-Managers affiliated with us or Envestnet, singly or as part of an asset allocation proposal, do not constitute fiduciary investment advice under ERISA or the IRC.

If a client or Account is not subject to ERISA or Section 4975 of the IRC, the client may be presented with Envestnet as a Sub-Manager for the Separately Managed Accounts and Client Discretionary Accounts. Any Funds presented to a client will not include any Funds affiliated with BWIS.

**Sub-Managers, Strategists & Broker-Dealers; Custody.** Depending on the Program, clients may select model portfolios, securities, one or more Sub-Manager strategies, or Strategists and/or Funds, in consultation with their advisory representative. If a Sub-Manager strategy or Strategist is chosen, Sub-Accounts are then established in the name of and for the benefit of the client, to be managed by the chosen Sub-Manager(s) or Strategist. Personnel of each Sub-Manager or Strategist will be reasonably available to clients for consultation regarding their management of Assets.

Pershing, Envestnet or another broker-dealer designated by us or a Sub-Manager will act as clearing broker, and we act as introducing broker (together, "*Brokers*"), to effect transactions for Assets pursuant to a securities clearing and execution agreement. The Brokers effect transactions in Fund shares and/or ETFs as designated by Envestnet in the following Programs: PMC Mutual Fund Strategies; PMC ETF Strategies; PMC Enhanced Index Strategies; PMC Unified Managed Accounts; and in securities as designated by the client or Sub-Managers in the Separately Managed Accounts and Client Discretionary accounts or by Russell Investment Group in Russell Model Strategies, or ISAT in the Bank of the West Mutual Fund Strategies. Pershing does not exercise investment discretion over any Assets. We, our employees and agents will have no investment or other discretion with respect to the Assets, will not perform discretionary acts, and will not provide proxy-voting advice with respect to the Assets. Transactions are only effected as instructed by Envestnet in the PMC Mutual Fund Strategies, PMC ETF Strategies; PMC Enhanced Index

Strategies; PMC Unified Managed Accounts; , or the client or Sub-Managers in the Separately Managed Accounts and Client Discretionary or Russell in the Russell Model Strategies and ISAT in the Bank of the West Mutual Fund Strategies.

With respect to separate account strategies or Strategist Accounts, each Sub-Manager or Strategist, respectively, agrees to comply with provisions of the Client Agreement applicable to the Sub-Manager or Strategist, and the client, in turn, gives the Sub-Manager or Strategist power of attorney to invest Assets allocated to the Sub-Manager or Strategist at the Manager's discretion. Each Sub-Manager or Strategist is the sole agent pursuant to the power of attorney and is in no respect an agent or representative of BWIS or Envestnet. All acts and transactions of a Sub-Manager or Strategist are solely for the clients' Assets it manages and are the responsibility of the clients who selected the Sub-Manager or Strategist.

Since the Program Fee paid by the client (discussed below) covers execution services performed by the Brokers, when such direction is consistent with the Manager's obligation to obtain best execution, Envestnet and the Sub-Managers (together with Envestnet, the "*Managers*") and the Strategists (together with Envestnet, the "*Managers*") and ISAT generally direct the Brokers, as broker-dealers, to effect transactions for clients' Assets.

Neither we nor Envestnet maintain custody of the individual securities owned by or the funds of each client. Each client is the registered owner of his or her securities held by a registered broker-dealer, custodian, or the individual Funds themselves. Because Envestnet instructs the custodian of the Assets to pay the Program Fee to Envestnet, Envestnet is deemed to have "custody" of the Assets under rules adopted under the Investment Advisers Act of 1940, as amended ("*Advisers Act*"). We do not have custody of Assets under the Advisers Act.

Pershing provides custody services for the Program Accounts and will receive and credit to each Program Account all interest, dividend, and other distributions that it received on the Assets in the Program Account.

**Program & Manager Terminations.** Clients, BWIS and Envestnet may terminate the Client Agreement without penalty at any time by providing written notice to the other parties. Additionally, a client may terminate the management of Assets by a Sub-Manager or Strategist without penalty at any time by providing written notice to Envestnet that the client revokes the power of attorney granted to the Sub-Manager or Strategist, and that the client either appoints a different Sub-Manager or Strategist to manage all or a portion of the Assets and/or directs the Sub-Manager to liquidate all or a portion of the Assets. Notwithstanding the revocation of a client's power of attorney or instructions to liquidate Assets, a Sub-Manager or Strategist will take the actions necessary to transfer the Assets to another Sub-Manager or Strategist and/or liquidate the Assets, as directed. A decision to liquidate the securities in the client's Program Account may impact the sales prices obtained for these securities due to market conditions at the time of sale. As a result, the sales prices obtained by client may be lower than the prices that would have been obtained if the Sub-Manager or Strategist had sold the securities in the ordinary course of business.

Liquidation of securities may have tax consequences that the client should discuss with his or her independent tax advisor.

In addition, the Programs will terminate immediately if for any reason the arrangement with Pershing or other clearing broker-dealer designated by us, a Sub-Manager or Strategist to provide services to the Programs is terminated. Regardless, if a client terminates the Client Agreement within five (5) business days of BWIS' and Envestnet's acceptance of the Client Agreement, the client will receive a full refund of the Program Fee paid. Upon termination of the Client Agreement by any party, none of BWIS, Envestnet, or any Sub-Manager or Strategist, will be under any obligation to provide further services with regard to the Assets, and the client will be solely responsible for the investment of the Assets and for instructing Envestnet in writing how to transfer Assets. However, termination of the Client Agreement will not affect the liabilities or obligations of the parties under the Client Agreement arising from transactions initiated prior to termination, including the provisions regarding arbitration, which survives any termination of the Client Agreement. The Managers and the Brokers retain the right to complete any transactions that are open as of the termination date and to retain any amounts of Assets sufficient to effect such completion.

Investment Philosophy & Asset Allocation Modeling. Envestnet's investment philosophy is based on modern portfolio theory, which focuses on the relationship of all investments in a portfolio, not just the individual securities. By combining individual securities, which by themselves may be risky, an efficient frontier of optimized portfolios can be constructed.

Envestnet believes that the use of models is a crucial step in developing a Program Account for the client that appropriately matches the client's objectives. Envestnet, through an analysis of current market conditions, refines its asset allocation models and makes tactical adjustments for each class. Asset class allocation is reviewed at least annually, but more frequently if market conditions warrant. Envestnet employs proprietary software as well as purchased software to identify and monitor categories of assets within each class. The Envestnet asset allocation models are used continuously to construct and manage client portfolios.

BWIS use this software to monitor asset allocations and to make recommendations to clients. BWIS helps clients select among the offerings in the Programs based upon the client's representations in the Investor Questionnaire and the SIS. BWIS also may consider company press releases and other materials to provide advice to clients.

Asset allocation models are investment plans that include a proposed long-term strategy for allocating the Assets among a combination of asset classes. Asset allocations are based upon and are objectively correlated to Questionnaire Responses provided by the client. An asset allocation is provided to assist the client in making informed asset allocation decisions and does not constitute fiduciary investment advice under ERISA or the IRC. In determining whether to adopt, modify or reject a proposed asset allocation, the client should consider all of the client's assets, income and investments.

For Programs utilizing Sub-Managers or Strategist, clients should refer to the Sub-Managers' or Strategists' disclosure documents for information regarding the methods of analysis, sources of information and investment strategies used in servicing client Program Accounts. Clients also should refer to the Funds' prospectuses for information about their investment strategies.

A client may impose restrictions on the percentage of Assets that we or Envestnet propose to be allocated to certain asset classes. Any restrictions a client imposes on an allocation to a particular asset class may result in the development of an asset allocation proposal for the client that deviates from the allocation we or Envestnet would otherwise propose. Unless a client imposes a maximum, it is likely that the asset allocation proposed to the client will be very similar to that proposed to other clients with similar investment objectives, risk tolerances and investment time horizons.

A Sub-Manager, Strategist or a Fund selected by the client may at any time hold a significant portion of Assets designated to it in cash or cash equivalents. The portion of Assets held in cash and/or cash equivalents in one Sub-Manager's or Strategist's strategy or Fund will not be taken into account by any other Sub-Manager or Strategist in managing Assets, nor will it be taken into account in any calculation of the portion of Assets proposed to a client for investment in cash in any asset allocation for the client.

Mutual Funds. The asset allocation services offered in the Programs are designed to help clients meet their long-term investment goals. The Programs are not intended to be used for short-term, tactical trading, or "market timing" of Funds. Market timing can impede a portfolio manager's ability to manage a Fund and may result in adverse tax consequences for other shareholders. Clients purchasing Fund shares in the Programs should intend to hold these shares for no less than ninety (90) days. Certain Funds reserve the right to refuse orders or exchanges from certain persons, including persons engaged in market timing. Additionally, we or Envestnet may terminate a Client Agreement for market timing activities by the client.

In the event of termination of a client's participation in a Program, the client's Fund shares will not be automatically redeemed. Fund shares will be transferred out of the Programs, unless the client provides instructions to redeem the shares. If all Assets are Fund shares, a client's ability to purchase new Fund shares may be restricted, and we or Envestnet may take other actions, as deemed appropriate.

Clients should be aware that the Program Fee will be imposed on all Fund shares that a client designates as Assets, including Fund shares on which the client may have previously paid a sales charge or fee structure. Also, to the extent that cash used for investment in Funds comes from redemptions of a client's other Fund investments not held in the Programs, clients should consider the cost, if any, of any sales charge or fee structure previously paid and redemption fees that would be incurred. These redemption fees would be in addition to the Program Fee on those Assets. Clients

should be aware that redemptions and exchanges between Funds might have tax consequences that clients should discuss with their independent tax advisor. Finally, clients should be aware that Funds bear a variety of expenses directly, including investment advisory fees and brokerage expenses. As a shareholder in a Fund, a client will indirectly incur a pro rata share of these expenses.

Clients retain the right to proceed directly as a security holder against any issuer of any security that constitutes Assets and are not obligated to join any person involved in the operation of the Programs or any other client in the Programs as a condition precedent to initiating any such proceeding.

#### *Program Fees*

Each client will be charged an Asset-based fee (the “*Program Fee*”) in exchange for the investment advisory services provided by Envestnet, BWIS, Strategists and the Sub-Managers, as applicable, the review, evaluation and presentation of the Sub-Managers or Strategists and the other Program offerings provided by Envestnet, the performance measurement provided by Envestnet, and the execution, custodial and reporting services provided by the Brokers. If a Program Account is opened during any calendar quarter, the Account will be billed *pro rata* in arrears based on the average daily fair market value of Assets during the portion of the quarter the Account was open. Upon termination of any Account, any earned, unpaid fees will be due and payable *pro rata*, and any prepaid, unearned fees will be promptly refunded.

As custodian, Pershing collects and distributes the Program Fee to Envestnet, and Envestnet pays a portion of the Program Fee to us, the Sub-Managers, the Strategists and other Program service providers. Such payments are made as long as the Client Agreement remains in effect. The Program Fees for the BancWest Investment Advisory Solutions Program, prior to November 13, 2012, were based on a percentage of Assets under management ranging from 0.65% to 2.30% (the “*Program Fee Rate*”). The Program Fees after November 16, 2012, are based on a percentage of Assets under management ranging from 0.90% to 1.80% (the “*Program Fee Rate*”). The Program Fee Rate depends on the Program option selected, the size, composition and complexity of the portfolio, or a tiered and blended rate. If the Program Fees are charged using a tiered rate, the Program Fee Rate will be blended, i.e., as the value of the Program assets reaches various thresholds, the assets above each threshold will be charged successively lower advisory fee rates. The Program Fee will be charged on a quarterly basis in arrears based on the Program Account’s average daily fair market value of assets under management during the preceding calendar quarter by one-fourth of the applicable annual Program Fee Rate set forth in the tables below. In computing the market value of Fund assets, Fund shares are valued at their respective net asset values as calculated in accordance with each Fund’s prospectus. Any such valuation will not be deemed a guarantee of any kind whatsoever with respect to the value of those Fund assets. The Program Fee Rate is subject to negotiation between Envestnet, BWIS, and each client, and may differ from client to client, based upon a number of factors. The Client Agreement discloses the Program Fee Rate for each client.

Prior to November 13, 2012, the following fee schedules were in effect for the PMC Mutual Fund Strategies; Client Discretionary Accounts; PMC ETF Strategies; PMC Enhanced Index Strategies; and Russell Model Strategies. Generally, the Program Fee Rate is a tiered and blended fee, determined as follows:

PMC Mutual Fund Strategies; Client Discretionary Accounts; PMC ETF Strategies; PMC Enhanced Index Strategies. Generally, the Program Fee Rate for these programs is a tiered and blended fee, determined as follows:

<u>Value of Assets</u>	<u>Minimum Fee</u>	<u>Maximum Fee</u>
First \$300,000	1.75%	2.30%
Next \$300,000	1.50%	2.00%
Next \$400,000	1.20%	1.70%
Next \$2,000,000	0.90%	1.35%
Next Amounts Over \$3 million	0.65%	0.95%

PMC Unified Managed Accounts. Generally, the Program Fee Rate for the PMC Unified Managed Accounts is a tiered and blended fee, determined as follows:

<u>Value of Assets</u>	<u>Minimum Fee</u>	<u>Maximum Fee</u>
First \$1,000,000	1.80%	2.00%
Next \$1,000,000	1.60%	1.80%
Next \$3,000,000	1.50%	1.70%
Over \$5,000,000	1.25%	1.60%

Russell Model Strategies. Generally, the Program Fee Rate for Russell Model Strategies is a tiered and blended fee, determined as follows:

<u>Value of Assets</u>	<u>Minimum Fee</u>	<u>Maximum Fee</u>
First \$300,000	1.75%	2.30%
Next \$300,000	1.50%	2.00%
Next \$400,000	1.20%	1.70%
Next \$2,000,000	0.90%	1.35%
Next Amounts Over \$3 million	0.65%	0.95%

The following fee schedule will be effective on November 13, 2012.

PMC Mutual Fund Strategies; PMC ETF Strategies; PMC Enhanced Index Strategies; Client Discretionary; Russell Model Strategies and Bank of the West Mutual Fund Strategies.

Generally, the Program Fee Rate for PMC Mutual Fund Strategies; PMC ETF Strategies; PMC Enhanced Index Strategies; Client Discretionary; Russell Model Strategies and Bank of the West Mutual Fund Strategies, is a tiered and blended fee, determined as follows:

<u>Value of Assets</u>	<u>Fee</u>
First \$250,000	1.50%
Next \$250,000	1.25%
Next \$500,000	1.10%
Over \$1,000,000	1.00%

Under certain circumstances, these fees may be discounted by up to 10%.

PMC Unified Managed Accounts and Separately Managed Accounts. The following fee schedule will be effective on November 13, 2012. PMC Unified Managed Accounts and Separately Managed Accounts. Generally the Program Fee Rate for PMC Unified Managed Accounts and Separately Managed Accounts is a tiered and blended fee, determined as follows:

<u>Value of Assets</u>	<u>Fee</u>
First \$500,000	1.80%
Next \$500,000	1.75%
Next \$1,000,000	1.70%
Over \$3,000,000	1.65%

Under certain circumstances, these fees may be discounted by up to 10%.

Our Fees. We and/or the advisory representatives receive a portion of the Program Fee paid by clients for the services we provide. Envestnet instructs the Account custodian to pay our fee. Prior to November 13, 2012, we typically received between 70 basis points (0.70%) and 110 basis points (1.10%) annually for our services in the Programs. After November 13, 2012, we will typically receive between 112 basis points (1.12%) and 137 basis points (1.37%) annually for our services in the Programs. The amounts paid to us are included in the overall Program Fees and are not in addition to the Program Fees paid by clients.

Envestnet Fees. For its advisory and administrative services provided in the Programs, Envestnet typically receives fees as provided in the fee schedules below, and Envestnet instructs the Account custodian to pay its fees. The amounts paid to Envestnet are included in the overall Program Fees and are not in addition to the Program Fees paid by clients.

#### PMC Mutual Fund Strategies and PMC

<u>Enhanced Index Strategies Assets</u>	<u>Envestnet Fees</u>
First \$250,000	0.23%
Next \$250,000	0.20%
Next \$500,000	0.18%
Next \$1,000,000	0.16%
Next Amounts over \$3,000,000	0.16%

<u>PMC ETF Strategies Assets</u>	<u>Envestnet Fees</u>
First \$250,000	0.18%
Next \$250,000	0.18%
Next \$500,000	0.16%
Next \$1,000,000	0.14%
Next Amounts over \$3,000,000	0.12%

<u>Bank of the West Mutual Fund Strategy Assets</u>	<u>Envestnet Fees</u>
First \$250,000	0.13%
Next \$250,000	0.13%
Next \$500,000	0.12%
Next \$1,000,000	0.11%
Next \$3,000,000	0.10%

<u>Client Discretionary Assets</u>	<u>Envestnet Fees</u>
Up to \$250,000	0.13%
\$250,000 - \$500,000	0.13%
\$500,000 - \$1,000,000	0.12%
\$1,000,000 - \$2,000,000	0.11%
\$2,000,000 - \$3,000,000	0.10%

<u>Separately Managed Account Assets</u>	<u>Envestnet Fees</u>
<u>Equity and Balanced Portfolios</u>	
First \$250,000	0.20%
Next \$250,000	0.20%
Next \$500,000	0.20%
Next \$1,000,000	0.20%
Next \$3,000,000	0.18%
<u>Fixed Income Portfolios</u>	
First \$250,000	0.15%
Next \$250,000	0.15%
Next \$500,000	0.15%
Next \$1,000,000	0.15%
Next \$3,000,000	0.13%
<u>Mutual Funds in Separate Account Portfolios</u>	
First \$250,000	0.13%
Next \$250,000	0.13%
Next \$500,000	0.12%
Next \$1,000,000	0.11%
Next \$3,000,000	0.10%

<u>PMC Unified Managed Account Assets</u>	<u>Envestnet Fees</u>
First \$1,000,000	0.55%
Next \$1,000,000	0.50%
Next \$3,000,000	0.45%
Over \$4,000,000	0.40%

<u>Russell Model Strategies</u>	<u>Envestnet Fees</u>
First \$250,000	0.20%
Next \$250,000	0.19%
Next \$500,000	0.17%
Next \$1,000,000	0.15%
Above \$2,000,000	0.13%

Sub-Manager and Strategist Fees. Any Sub-Manager or Strategist fees and expenses are negotiated by Envestnet and are paid out of the Program Fee. Prior to November 13, 2012, the Sub-Manager and Strategist fees typically ranged from 0.25% to 1.00%, depending on the asset class, style of management, Program Account value and other factors. After November 13, 2012, the Sub-Manager and Strategist fees will typically range from 0.25% to 0.50%, depending on the asset class, style of management, Program Account value and other factors. Any Sub-Manager or Strategist fees to be paid from the Program Fee will be disclosed to and approved by the client prior to the Sub-Manager's or Strategist's designation. The amounts paid to Sub-Managers and Strategists are included in the overall Program Fees and are not in addition to the Program Fees paid by clients.

**Pershing Fees.** Pershing receives a fee for its provision of brokerage and custodial services to the Programs. The amounts paid to Pershing are included in the overall Program Fees and are not in addition to the Program Fees paid by clients.

**Additional Fees.** In addition to the above fees, there may be postage and handling charges per trade, as well as other charges. The Program Fee does not cover, and the client shall be responsible for, any national securities exchange fees, fees imposed by the SEC, COMMAND<sup>sm</sup> Account service charges (if applicable); charges for transactions not executed through the Brokers; costs associated with exchanging currencies; fees and expenses charged by Funds selected by the client or any investment company in which Assets may be invested (as described below); wire transfer fees; and other fees required by law.

Specific information regarding the fees charged for each client's Account is provided in the Client Agreement.

**Additional Program Fee Information.** Program Fees are calculated as described above and do not include any performance fee or fees based on a share of capital gains upon or capital appreciation of Program Assets.

**Mutual Fund Fees.** All Program Fees are separate and distinct from the fees and expenses charged by Funds to their shareholders. Clients owning Funds in a Program will pay these fees as shareholders of the Funds. These fees and expenses are described in each Fund's prospectus and generally include management fees, other fund expenses, and distribution fees. If a Fund also imposes a sales charge, the client may pay an initial or deferred sales charge. Clients may invest in Funds directly without our assistance. In that case, the client would not receive the services provided by us which are designed, among other things, to assist the client in determining which Fund or Funds are most appropriate for client's financial condition and objectives. Accordingly, clients should review both the fees charged by the Funds and the Program Fees to fully understand the total amount of fees paid by the client.

**Advisory Fee Offset.** Certain open-end Funds previously acquired by BWIS for a client's account may, in addition to assessing management fees, charge a distribution fee pursuant to Rule 12b-1 promulgated under the Investment Company Act of 1940, as amended, or an administrative or service fee that will be paid to us. Any advisory fees we receive for ongoing advisory services to ERISA or IRA accounts are reduced by the amount of any commissions or Rule 12b-1 fees that related persons receive that are attributable to these accounts.

Our employees and affiliates, and members of the families of these persons may participate in the Programs with a reduced or waived Program Fee. In addition, the Program Fee on Fund Assets may be waived, in whole or in part, for, among others, certain banks, trust companies or unaffiliated investment advisers who maintain securities accounts with us.

A client should consider that, depending upon the level of the Program Fee charged, the amount of portfolio activity in the

client's Program Account, the value of services which are provided under the Program, and other factors, the Program Fee may or may not exceed the aggregate cost of these services if they were to be purchased separately. The Programs may cost clients more or less than purchasing such services separately. Factors bearing upon cost of the Program in relation to the cost of the same services purchased separately may include, among other things, the size and type of the Program Account, the historical or expected size for the Program Account, and the number and range of supplemental services provided to the Program Account. No party receives a performance fee or is compensated based on share of capital gains upon, or capital appreciation of, Assets or any portion of Program Account Assets.

The person recommending the wrap fee program to the client receives compensation as a result of the client's participation in the program. The amount of this compensation may be more than what the person or broker would receive if the client participated in BWIS' other programs or paid separately for investment advice, brokerage, and other services. The person recommending the wrap fee program may have a financial incentive to recommend the wrap fee program over other programs or services.

## **II. Account Requirements & Types of Clients**

Clients may choose one or more of the Programs, provided the minimum Assets — \$50,000 are designated for the Program — PMC Mutual Fund Strategies, PMC ETF Strategies, PMC Enhanced Index Strategies, Russell Model Strategies, and the Bank of the West Mutual Fund Strategies; \$100,000 for Separately Managed Accounts and \$250,000 for PMC Unified Managed Accounts. Under Client Discretionary, unless specifically designated for the Program by the client, the value of existing variable annuity and/or load-bearing mutual fund assets for which BWIS previously received compensation will not be included in the calculation of advisory fees, nor will those assets be included in fulfilling the minimum account requirements. We retain the discretionary authority to waive or reduce minimum account requirements. Similarly, we also may impose a higher investment minimum with respect to certain investment strategies, at our sole discretion. Clients should be aware that certain Sub-Managers or Strategists may also impose additional minimum requirements for their portfolio management services, and certain Funds may impose additional minimum requirements to invest. The minimum account size requirement for participation in the Programs may be reduced or waived in its entirety for our employees or our affiliates, and members of the families of these persons, who maintain an "employee related" account.

We, our affiliates and advisory representatives provide both brokerage services and investment advisory services. Our investment advisory services are available to any current or prospective clients, including, but not limited to, individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or other business entities. Investment minimums will apply as described in this Brochure.

### III. Portfolio Manager Selection & Evaluation

For PMC Mutual Fund Strategies, PMC ETF Strategies, PMC Enhanced Index Strategies, and PMC Unified Managed Accounts Envestnet selects securities based on research it or third party advisers produce or obtain, or supplied to them and used in conjunction with other investment research tools. For Client Discretionary, investments are recommended by us and selected by the client and Envestnet from a pre-defined universe that has been screened using criteria established by Envestnet. Where they are included as part of a particular Program, Sub-Managers and Strategists are recommended by us and selected by us and the client from among a list of pre-screened managers provided by Envestnet.

Envestnet's Investment Committee (the "*Committee*") reviews the performance of each recommended investment strategy, Sub-Manager, Strategist, Research Provider, and recommended Funds for PMC Mutual Fund Strategies, PMC ETF Strategies, PMC Enhanced Index Strategies, and PMC Unified Managed Accounts on a regular basis. Analysis is based on data provided by industry services, information presented by the Sub-Managers, or Strategists and Envestnet's proprietary software.

Envestnet may terminate the participation of any Sub-Manager, Strategist, investment strategy or Fund in Programs 1 and 3-7 at any time and in any manner. While BWIS or Envestnet may discuss with clients whether a change in Sub-Manager, or Strategist, strategies, allocation or Funds offered by the Programs is necessary or desirable, Envestnet is under no obligation to do so. In the event of any such termination, clients with Assets managed in Separately Managed Accounts will be given reasonable advance notice of the termination and the opportunity to select a new Sub-Manager, Strategist, security, or Fund from options available in the Program. Clients with Assets managed in all other Programs will be given reasonable advance notice of the termination, and Envestnet will select a new Sub-Manager, Strategist, strategy or Fund from options available in the particular Program. If a client fails to select a new security, Sub-Manager, or Strategist, strategy or Fund in Program 3 after receiving the notice, the affected Assets will be transferred to a BWIS brokerage account over which neither we nor Envestnet has investment discretion. In this event, the assets in the client's brokerage account will not be subject to the Program Fee (defined below), but will be subject to customary brokerage fees and expenses. Termination of a strategy, Sub-Manager, Strategist or Fund may have tax consequences that should be discussed by client with his/her independent tax advisor.

### IV. Client Information Provided to Portfolio Managers

The Sub-Managers and Strategists receive or have access to client-related information, which may include: (i) Program Account opening documents, including, among other things, Client Information; (ii) on-line access to the Program Account; (iii) client investment guidelines, if applicable, including any client-imposed restrictions on the management of Assets; (iv) confirmations; (v) Program Account statements; and (vi) reports relating to the performance of a client's Program Account. We provide relevant

updated Client Information to Envestnet, which provides the information to the Sub-Managers or Strategist, if applicable, as soon as reasonably practicable after receipt of the information from the client.

### V. Client Contact with Portfolio Managers

BWIS does not place any restrictions on the clients' ability to contact and consult with their portfolio managers.

### VI. Additional Information

#### *Disciplinary Information*

An advisory affiliate [BNP Paribas Securities (Japan) LTD] had their Global Equity and Commodity Derivatives Department suspended from November 2, 2009 to November 16, 2009. The affiliate is owned and controlled by BNP Paribas. BNP Paribas Securities (Japan) LTD was suspended by a Japanese regulatory agency, Financial Services Agency of Japan (FSA). This suspension of the commodity and derivatives unit did not affect the business of other BNP Paribas units in Japan. BNP Paribas Securities (Japan) LTD. Implemented measures to enhance governance and controls and further measures were taken and reported to the FSA (Japan).

BWIS is not aware of any other legal or disciplinary events that may be material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

#### *Education and Business Standards*

BWIS advisory representatives must possess, minimally, a college degree and/or appropriate business experience and all required licenses.

#### *BWIS Management:*

JOHN BAHNKEN

Born 1953

John Bahnken has served as a Director of BWIS since 2011. Mr. Bahnken is Senior Executive Vice President of Bank of the West and leads the Wealth Management Group, which includes wealth strategy, investment management, customized banking solutions, trust and estate services, and other specialized offerings. He joined the Bank of the West in 2011 and is a member of the bank's Executive Management Committee.

With more than 30 years of experience, Mr. Bahnken spent 17 years at Bank of America where he most recently was president of its Global Wealth & Investment Management Products Group and earlier had been Chief Operating Officer of Banc of America Investment Services. Additionally, he served as President of Fleet Securities and held a range of senior executive positions at Norstar, Prudential Securities and HSBC Americas.

Mr. Bahnken is active in the securities industry, having served as a member and chairman of the American Bankers Association

Securities Association board of directors. He earned bachelors and MBA degrees from Hofstra University.

**CHRISTOPHER RICHARD COUNCE** BORN: 1968

Mr. Counce was appointed Vice President Divisional Sales Manager with BWIS in July 2008, and prior to that was a Vice President Regional Sales Manager since August, 2006. Prior to BWIS receiving certain advisory investment programs from INVEST Financial Corporation, Mr. Counce served as a Regional Sales Manager and Registered Representative with INVEST Financial Corporation from June, 2003 until August, 2006. Mr. Counce earned a B.A. in Interdisciplinary Studies and a B.A. in History from the University of Missouri at Columbia in December, 1991.

**JAMES H. FUJINAGA** BORN: 1961

Mr. Fujinaga was appointed President of BancWest Investment Services, Inc., (BWIS) in December 2010 after he had served as acting President since March 2010. Jim joined BWIS in December 2009 as Vice President, Divisional Sales Manager. Prior to joining BWIS and Bank of the West, Jim was with JP Morgan/Chase Investment Services where he was their Senior Investment Manager for N. California. Chase acquired Washington Mutual Savings Bank [WAMU] while Jim worked in WAMU's investment division. His prior experience also included serving as the Senior Vice President of Private Client Services for Wells Fargo where he led a team of 80 professionals in the Silicon Valley region. Jim started his investment career with Citibank/Citicorp Investment Services, where he began as an Investment Consultant and then later as an Area Investment Manager. Jim has his Bachelor's Degree in Economics from University of California, Berkeley, and his MBA from Golden State University, San Francisco.

**SUSAN R. GOODEARL** BORN 1950

Ms. Goodearl was appointed Senior Vice President, Chief Compliance Office with BancWest Investment Services, Inc. (BWIS) and the Business Unit Compliance Officer for the Wealth Management Group, in February 2011. Prior to joining BWIS and Bank of the West, Ms. Goodearl was a Director with Barclays Capital, where she was the Regional Administrative Manager for the state of California. Barclays acquired Lehman Brothers Inc. in 2008, while Ms. Goodearl worked in the Private Client Services division as a Senior Vice President and San Francisco Branch Administrative Manager.

Her prior experience included serving as Vice President and Administrative Branch Manager at Credit Suisse First Boston and as Vice President and Operations Manager at Donaldson, Lufkin and Jenrette Inc. Ms. Goodearl started her career in the investment field at Hayden Stone in Honolulu, Hawaii where she served as Cashier and Operations Manager. Ms. Goodearl has her Bachelor of Arts degree in psychology from the University of Hawaii and a Master's Degree in Human Resources and

Organizational Development from the University of San Francisco.

**ANDREW JOHN HARMENING** BORN: 1969

Mr. Harmening has served as a Director of BWIS since 2008. Andy Harmening is Senior Executive Vice President and Regional Banking Group Head. He is also a member of the Bank's Executive Management Committee. Harmening has 15 years of experience in retail and commercial banking. He joined Bank of the West in 2005 as Senior Vice President, Business Banking Regional Manager. In 2006, Harmening was promoted to Executive Vice President to head the Northern California regional banking division.

His prior experience includes nine years with U.S. Bank, where he served in various positions including Regional Manager of Small Business; Business Lending Sales Manager; Manager of Small Business Product Management and as a middle market commercial lending officer. Harmening also spent three years with Fifth Third Bank in Cincinnati.

Harmening received his MBA from the University of Cincinnati and BA from DePauw University. He is also a graduate of University of Virginia's Graduate School of Retail Bank Management.

**MAURA MARKUS** BORN: 1957

Maura Markus has served as a Director of BWIS since 2010. Ms. Markus has been President and Chief Operating Officer of Bank of the West since March 2010. She is also a member of the Board of Directors of Bank of the West and BancWest Corporation, and of the Bank's Executive Management Committee.

Ms. Markus is responsible for the operating units of the bank, including Commercial Banking, National Finance, Wealth Management and the Regional Banking Group, comprised of nearly 700 branch and commercial banking locations in 19 states.

Before joining Bank of the West, Markus was a 22-year veteran of Citigroup, having most recently served as Head of International Retail Banking in Citi's Global Consumer Group. She held a number of additional domestic and international management positions including President, Citibank North America from 2000 to 2007. In this position, she also served as Chairman of Citibank West. Ms. Markus also served as Citi's European Sales and Marketing Director in Brussels, Belgium, and as President of Citi's consumer business in Greece.

Ms. Markus earned her BA from Boston College and her MBA from Harvard Business School.

**JASON LEE MEYSENBURG** BORN: 1973

Mr. Meysenburg is the Investment Product/RIA Manager of BWIS. In October 2006, Mr. Meysenburg joined BancWest Investment Services after having spent nearly four years with

QA3 Financial Corp., a wealth management company that serves independent securities Agents, RIA professionals and insurance representatives. From 1995 to 2003, Mr. Meysenburg worked in a variety of positions for Securities America, one of the nation's largest independent general securities broker/dealers. Mr. Meysenburg is a Certified Retirement Counselor. He earned a B.S. in Finance from Marquette University, graduating in 1995, and a M.B.A. from the University of Nebraska-Omaha in 2004.

**JOHN R. MORRIS**

**BORN: 1960**

Mr. Morris joined Bank of the West (BOTW) in February 2012 as a Senior Vice President responsible for investment services within the Wealth Management Division. Prior to joining BOTW, he was employed by Exos Partners, LLC as a Founder and Managing Director from 8/09 to 2/12 focusing on the design and development of the investment platform and by Charles Schwab and Co., Inc. from 2/83 to 12/08 in a variety of management roles. In his last five years at Schwab, Mr. Morris was the Senior Vice President responsible for Schwab's open-architecture asset management platforms. Mr. Morris earned a B.S. in Economics from Allegheny College in 1982 and an M.B.A. from University of San Francisco in 1995.

**RAYMOND S. ONO**

**BORN: 1954**

Mr. Ono is a Vice Chairman and Chief Banking Officer for First Hawaiian Bank (FHB), and a Director for BancWest Investment Services (BWIS). He first joined FHB in June 1978 as a trainee in the Management Training program, and progressed to various assignments throughout the bank system. His current responsibilities for FHB includes management of FHB's Branches, Banking Centers, Private, Personal, Retail and Business Banking; Japan Business Development; Sales Service and Training; and Wealth Management. Ray serves on the FHB's Senior Management and Credit Committees. He is a Honolulu native and graduate of Iolani School (1972), and he is an alumnus of Willamette University (B.S. 1976, MBA, 1978) in Salem Oregon. He is a 1990 Graduate of the Pacific Coast Banking School at the University of Washington. Ray serves on the boards of the Rehabilitation Hospital of the Pacific, First Hawaiian Bank Foundation, Friends of Hawaii Charities, St. Andrew's Priory School Ahahui Koa Anuenue, and the Waiialae Country Club.

**MARK FRANCIOR OYADOMORI**

**BORN: 1959**

Mr. Oyadomori is a Vice President, Director and General Securities Principal of BancWest Investment Services, d/b/a First Hawaiian Investments Services in Hawaii (BWIS). He has been employed by BWIS and other third-party broker-dealers providing services to BOTW since March 1999: from March 1999 through May 2000 by BISYS; from May 2000 through November 2003 by PrimeVest; and since November 2003 by BWIS. He is a Vice President and Compliance Officer of FHB, where he started in May 1994. Mr. Oyadomori received a B.B.A. in Marketing from the University of Hawaii at Manoa in 1983.

**ROBERT JOSEPH STASTNY**

**BORN: 1956**

Mr. Stastny is the CFO of BWIS; he has held this position since joining the firm in January 2006. Previously he was Manager of Financial Projects for Commercial Federal Bank, where he was employed from March 1982 until December 2005. Mr. Stastny graduated from Midland Lutheran College in 1976 with a B.A. in Business Administration.

**GREGORY M. WEISS**

**BORN: 1981**

Mr. Weiss was appointed Vice President, Deputy Chief Compliance Officer with BancWest Investment Services, Inc., (BWIS) in March of 2011. Prior to joining BWIS and Bank of the West, Mr. Weiss was with Securities America, Inc. where he was the Director of Compliance Administration. Mr. Weiss started his career with Securities America, Inc. and held various leadership positions in Operations and Compliance. Mr. Weiss earned his Bachelor's Degree in Business Administration as well as his MBA from the University of Nebraska at Omaha.

**STEVE WOODWARD**

**BORN: 1969**

Mr. Woodward joined BancWest Investment Services, Inc., (BWIS) in August 2011 as Chief Operations Officer and Senior Vice President. Prior to joining BWIS and Bank of the West, Steve was with TD Ameritrade where he held multiple positions throughout his 15 plus years including but not limited to Managing Director of TD Ameritrade Clearing where he held responsibilities for a team of over 475 professionals across multiple locations and provided clearing and custody services to over 3 million clients. Steve has a Bachelor of Science in Business Administration from University of Nebraska and a Master of Business Administration from Creighton University.

*Other Financial Industry Activities & Affiliates*

Certain of our principal executive officers and other employees are also employed by BOTW or FHB. BWIS is a subsidiary of BOTW, which is an affiliate of FHB. Both BOTW and FHB are subsidiaries of BWE. BWE is a wholly-owned subsidiary of BNP Paribas. These firms and their affiliates may be recommended to our clients in need of banking and/or investment management services, provided that the recommendation is consistent with our duty to the client. No client is obligated to use any of these firms for such services. Fees and expenses for banking services are separate and distinct from our management fees. We also provide retail brokerage and annuity services to clients of both FHB and BOTW through a contractual agreement.

Bishop Street Capital Management is an affiliated registered investment adviser and serves as the investment adviser to the Bishop Street Funds, an open-end registered investment company with a retail series of Funds including the Bishop Street Municipal Bond Fund and the Bishop Street Money Market Fund. Bishop Street Funds also offer the following institutional Funds: Bishop Street Large Cap Growth Fund, Bishop Street Strategic Growth Fund, Bishop Street High Grade

Income, Bishop Street Hawaii Municipal Bond Fund, Bishop Street Tax Managed Fund, Bishop Street Treasury Money Market Fund and the Bishop Street Money Market Fund. Except for the Bishop Street Money Market Fund, the BancWest Investment Advisory Solutions Program does not offer the Bishop Street Funds. However, we or our affiliates may recommend the Bishop Street Funds to our advisory clients outside of the Programs, and these clients may separately hold interests in the Bishop Street Funds.

Certain individuals associated with us are separately licensed as insurance producers with FHB, which is an insurance producer in the State of Hawaii. FHB, through its Private Advisory Services department, makes insurance products available to clients of FHB from independent insurance companies with which FHB has contractual relationships. In this capacity, FHB and those BWIS personnel can purchase insurance for clients (or refer clients to other licensed producers) for separate compensation. However, no client is obligated to use FHB and those BWIS personnel are not required to purchase insurance.

#### *Code of Ethics, Participation or Interest in Client Transactions, & Personal Trading*

We and individuals associated with us may buy or sell securities for their personal accounts that are identical to those we and/or Envestnet recommends to its customers, except to the extent that such investments violate the Code of Ethics (“Code”) adopted by BWIS. The Code sets out general ethical standards applicable to our employees. Employees are expected to maintain the highest ethical standards, embody a business culture that supports actions based on what is right rather than expediency, deal fairly with customers and one another, protect confidential information and seek guidance about ethical questions. More specifically with respect to advisory activities, the Code requires that whenever we act in a fiduciary capacity, it will endeavor to consistently put the client’s interest ahead of the firm’s. It will disclose actual and potential meaningful conflicts of interest and it will manage actual conflicts in accordance with applicable legal standards. If applicable legal standards do not permit management of a conflict, we will avoid the conflict. We will not engage in fraudulent, deceptive or manipulative conduct with respect to clients. We will act with appropriate care, skill and diligence.

Advisory personnel are required to know when we are acting as a fiduciary with respect to the work they are doing. If it is, they are expected to comply with all fiduciary standards applicable to the firm in performing their duties. In addition, they must also put the client’s interest ahead of their own personal interest. An employee’s fiduciary duty is a personal obligation. While advisory personnel may rely upon subordinates to perform many tasks that are part of their responsibilities, they are personally responsible for fiduciary obligations even if carried out through subordinates.

In addition to these ethical principles, the Code requires that our staff acknowledge receipt of the Code, report violations of the Code and comply with the federal securities laws. The Code also

incorporates our personal securities trading policy, which is intended among other things to deter and prevent insider trading and contains detailed requirements with respect to information barriers pertaining to material nonpublic information, as well as restrictions on and reporting and monitoring of employees’ personal securities trading. We will provide a copy of the Code to any client or prospective client at any time upon request and without charge. In addition to the Code, our staff is subject to all applicable compliance manuals, policies and procedures.

Specifically, we have established the following restrictions in recognition of our fiduciary responsibilities:

- 1) No director, officer or employee of BWIS may buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public upon reasonable inquiry. No person associated with us shall prefer his or her own interest to that of an advisory client.
- 2) We maintain a list of all securities holdings for us and anyone associated with our advisory business with access to securities recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of BWIS.
- 3) All clients are fully informed that certain individuals may receive separate compensation when effecting transactions during the implementation process.
- 4) We require that all individuals must act in accordance with all applicable Federal and State regulations governing investment advisory practices.
- 5) Any individual not in observance of the above may be subject to termination.

#### *Brokerage-Related Conflicts*

In determining the Brokers to be used in connection with client Account transactions, Managers and investment advisers for the Funds may in certain circumstances consider research and research-related services (including statistical and economic data and research reports pertaining to individual companies and industries) provided by brokers-dealers. Under certain conditions, to obtain such research and research-related services, Sub-Managers, Strategists and Fund investment advisers may cause clients to pay higher commissions on portfolio brokerage transactions than if such transactions were executed by a broker-dealer not providing research or research-related services. The Sub-Managers, Strategists or Fund advisers may use such services in connection with all of their investment activities, including the management of investment accounts other than the Fund or client’s Sub-Account. The Brokers or their affiliates may act as a broker-dealer with respect to Fund and client portfolio transactions.

#### *Sweep-Related Conflicts*

All uninvested cash or credit balances in Program Accounts may automatically be swept into and invested in a money market fund or a BOTW deposit account (“Sweep Options”), as set forth in the brokerage account agreement and documentation. Issuers

of money market funds used as Sweep Options may pay us a distribution fee with respect to such investments as well as additional compensation based on Program Account balances held in such Sweep Options. Such compensation is in addition to the Program Fee. The BOTW Sweep Account (“*Sweep Account*”) is a cash Sweep Option offered by us and is intended for the investment of available cash balances from clients’ accounts for transfer into a BOTW deposit account. The rate clients earn from the Sweep Account may be higher or lower than the rates available to depositors from other deposits at BOTW, from other types of accounts or investment alternatives at Pershing, including money market funds, or from comparable accounts in other depository institutions. Pershing receives a fee from BOTW monthly based on the average daily net assets in the Sweep Account for its services with respect to the Sweep Account. We receive from BOTW a percentage of the income earned by BOTW from clients’ sweep deposits. BOTW’s payments to us do not reduce the stated interest clients earn on their deposits with BOTW. Advisory representatives receive no fees for clients’ participation in the Sweep Options.

#### *Strategy Considerations*

Certain investment strategies may use a concentrated investment strategy. Concentrated portfolios generally hold the securities of a limited number of companies and, therefore, may be more volatile because the risk specific to each company may represent a larger portion of the Assets. It is likely that the performance of these portfolios will differ significantly from that of the broader equity markets.

Certain Managers may purchase certain securities for several clients’ accounts in amounts that, in aggregate, are liquid investments. However, if the portion of these securities allocated to specific clients’ accounts are liquidated on an isolated basis, due to the revocation of the power of attorney or otherwise, the size of the lot of the securities to be sold may negatively impact the sales price obtainable by Manager.

#### *Fee Considerations*

A client should consider that, depending upon the level of the Program Fee charged, the amount of portfolio activity in the client’s Program Account, the value of services which are provided under the Program, and other factors, the Program Fee may or may not exceed the aggregate cost of these services if they were to be purchased separately. The Programs may cost clients more or less than purchasing such services separately. Factors bearing upon cost of the Program in relation to the cost of the same services purchased separately may include, among other things, the size and type of the Program Account, the historical or expected size for the Program Account, and the number and range of supplemental services provided to the Program Account. No party receives a performance fee or is compensated based on share of capital gains upon, or capital appreciation of, Assets or any portion of Program Account Assets.

#### *Client-Related Conflicts*

We may act as an investment adviser to numerous client accounts and may provide brokerage services to clients. We may give advice with respect to any client accounts, or take action for its own account or the account of its principals, that may differ from advice given by us on behalf of the Assets. We are not obligated to recommend, or to refrain from recommending, any security that we or a principal may buy or sell for its or their own accounts or for any other account we advise.

Each Manager selected, including Envestnet, may perform, among other things, investment management services for other clients and earn fees and other consideration therefore, and may take action in the performance of its duties to any other clients that may differ from the timing or nature of the action taken with respect to the Assets it manages through the Programs. If a client selects more than one Program or strategy, each Manager may take action with respect to the Assets it manages in a particular strategy that may differ from (i) the timing or nature of action it takes with respect to another strategy it manages, or (ii) action taken by a different Manager with respect to such Manager’s management of the Assets. Thus, a particular security purchased for a client in one strategy may be sold for the client in another strategy. This may result in a client realizing a taxable gain or loss. If a loss is realized it may be subject to, and disallowed under, the “wash sales rule” under the IRC. Clients should consult their independent tax advisors regarding tax matters.

In the course of performing its investment advisory and brokerage activities, we and our affiliates, including Envestnet, may acquire confidential or material non-public information. We and our affiliates are not free to divulge to any client or Manager, or to act upon, such information with respect to its performance of the Client Agreement, except as permitted by applicable laws and regulations.

We may from time to time enter into joint marketing activities with Managers and/or sponsors of Funds in the Programs.

Clients may also have other accounts with us or Envestnet in which management fees are not charged. The payment of commissions or fees in these accounts is negotiated on an entirely separate basis from the payment of Program Fees.

On occasion, Bank of the West, BWIS’ parent company, may lend to mutual fund companies whose funds are independently selected for inclusion in the ISAT models.

#### *Compensation-Related Conflicts*

We and the advisory representative recommending the Programs to clients may receive more compensation than if the client participated in other advisory programs or paid separately for investment advice, brokerage, and other services, and thus advisory representative may have a financial incentive to recommend the Programs over other programs or services. Additionally, the compensation that Envestnet, we and advisory representatives receive in connection with a client’s participation

in a Program may differ from the fees that they receive for the client's participation in another Program. To the extent that the amount of compensation received by Envestnet, we or advisory representatives varies based on the selection of the Program, Envestnet, we and the BWIS advisory representative may have a conflict of interest in making available or recommending to clients a particular Program.

Sub-Managers and Strategists participating in the Programs are compensated based on individually-negotiated fee rates, and any portion of the Program Fee that may be paid to a Sub-Manager or Strategist may be higher or lower depending on the Sub-Manager or Strategist providing services. This variation in payments may occur between Sub-Managers or Strategists across investment strategies as well as within an investment strategy. To the extent that the amount of the Program Fee retained by Envestnet or other service provider varies based on the selection of Sub-Managers, or Strategists, Envestnet or the provider may have a conflict of interest in making available or recommending to clients a particular Sub-Manager, Strategist or one of the Programs that offers Sub-Managers or Strategists. A current schedule identifying any such variance in the amount of Program Fees retained by Envestnet or the provider will be provided to clients upon request.

The Brokers may receive payments from certain Funds, including money market funds, pursuant to a 12b-1 distribution plan or other such plan as compensation for distribution or administrative services and are distributed from the fund's total assets. The 12b-1 arrangements will be disclosed upon request of a client and are available in the applicable Fund's Prospectus. In addition, Pershing, other Program service providers, and their respective affiliates may receive a fee from certain employee benefit plans for record-keeping services. Pershing or other Program service providers, and their respective affiliates, also may receive fees for acting as custodian or passive trustee to certain individual retirement accounts or employee benefit plans or as trustee to certain trust accounts.

In addition to the services that Envestnet provides to clients through the Programs, Envestnet may provide us with Sub-Manager and Strategist information and, under an agreement between Envestnet and us, software and resources that we use to provide certain of the services described above. We compensate Envestnet for providing such services, information and software.

In addition to providing services as a registered investment adviser, we also provide brokerage services and are a FINRA member broker-dealer. In this capacity, we can implement securities transactions for advisory clients for separate and distinct compensation under the terms of a separate contract. No advisory client is obligated to use us or Pershing for brokerage services. Our principals are only required to devote such time to each client as they in their sole discretion determine, and also may devote their time to other positions both related and unrelated to investments. We are not required to devote all of any specified amount of time to each client's affairs.

We and/or our principal executive officers may, from time to time, receive incentive awards for the recommendation or

introduction of insurance products. The receipt of this compensation may affect our judgment in recommending products to our clients.

#### *Advisory Representative Activities & Compensation*

All or a portion of the advisory fees charged for the Programs may be paid to advisory representatives in connection with the Program Accounts as well as the provision of supplemental and other client-related services. Such payments may be made for the duration of the client Program Accounts.

The amount of compensation received by advisory representatives with respect to clients who participate in the Programs may be more than that received if the client participated in other programs or had such person paid separately for investment advice, brokerage and other services provided to the client as part of the Programs. As a result, advisory representatives may have a financial incentive to recommend the Programs over other programs or services.

Advisory representatives may act in various capacities. In addition to the advisory services they provide through BWIS, individuals also may act in the capacity of registered representatives and insurance agents.

In their separate capacity as registered representatives or insurance agents, advisory representatives may recommend the purchase of products. For executing these recommendations, individuals will receive compensation in the form of overrides, commissions, and trailers on sales of insurance and securities products. We may recommend life insurance products, variable life insurance and annuity products, proprietary Funds and third party Funds.

Some advisory representatives can also offer insurance products through other unaffiliated insurance carriers for which they will receive commissions. Persons associated with BWIS will be receiving advisory fees while at the same time may also be receiving other forms of compensation, as described above. Our clients are made aware of the nature of any affiliations that pose conflicts prior to investing in these products, and are free to seek execution of their orders and transactions elsewhere. These conflicts exist for us because the recommendations to purchase will result in commissions to the representative, and affiliated entities will profit from the sale of their product to the associated person's client.

Clients who may have investment advisory accounts with us, or our affiliates, may also have other accounts with the firm in which management fees are not charged. The payment of commissions or fees in these non-managed accounts is determined on an entirely separate basis from the payment of fees and commissions, if any, in the investment advisory accounts.

Advisory representatives from time to time may also purchase securities they recommend to clients. We do not anticipate that conflicts of interest will arise with regard to representatives' personal securities transactions.

Envestnet provides all Program clients a quarterly performance report that includes an investment commentary and general market commentary, current Account holdings, and a summary of the client's total portfolio of Account investments for the previous quarter ("*Performance Report*"). All performance information is generally calculated in accordance with generally accepted industry standards for the presentation of performance. The client may provide updated information to the advisory representative at any time. Clients also receive forms required for tax reporting at the end of each year.

PMC Mutual Fund Strategies, PMC ETF Strategies, PMC Enhanced Index Strategies, Client Discretionary, Russell Model Strategies and Bank of the West Mutual Fund Strategies. Envestnet provides continuous monitoring and management to these Program Accounts. Generally, client portfolios with similar investment objectives are reviewed as a group weekly as a matter of practice rather than pursuant to a triggering factor. Members of the Committee have primary responsibility for reviewing portfolios. The Committee consists of seven members: Gregory Classen, Ruhan Inanoglu, Jani Li, Andrew Tong, Frank Wei, Richard Baker, and Timothy Clift, a Senior Vice President and the Chief Investment Officer of Envestnet. The number of portfolios assigned to each Committee member varies, depending on the size and complexity of the portfolios. The factors reviewed by the Committee include whether the assets comprising the portfolio are consistent with the strategy used to accomplish the objectives. The Committee reviews the relative performance, risk parameters and other characteristics of each security held in the portfolio to determine whether it continues to meet the criteria established for inclusion. Separate account Managers are subjected to quantitative and qualitative performance reviews on an ongoing basis. Review criteria include whether performance and strategies are consistent with the stated objectives. The Committee also periodically reviews asset allocation models in various Programs to reallocate or rebalance as needed. Last, the advisory representative who opened the Account reviews account statements promptly, to determine, among other things, whether performance and strategies are consistent with the stated objectives.

Clients with PMC Mutual Fund Strategies, PMC ETF Strategies, PMC Enhanced Index Strategies, PMC Unified Managed Accounts, Separately Managed Accounts, Russell Model Strategies and Bank of the West Mutual Fund Strategies, Accounts may choose not to receive confirmations of each transaction, and instead receive a monthly and/or quarterly statement reflecting Account activity provided by Pershing. Envestnet will provide continuous monitoring and management to these client Program Accounts, and will be reasonably available to consult with clients upon request. On a quarterly basis, advisory representatives will review these client Accounts and will notify the client to contact us if there have been any changes in the Client Information, and annually advisory representatives meet with clients. Advisory representatives may work with clients to restructure investment goals and restrictions, and to communicate client information to Envestnet. Envestnet,

however, makes all specific investment recommendations for client Accounts and manages these Accounts on a discretionary basis.

Client Discretionary. Envestnet provides us with information regarding current and target asset allocations for each Client Discretionary account, and notices indicating certain variances for certain periods. Advisory representatives provide continuous monitoring for Client Discretionary accounts. These individuals have the title of "Financial Advisor" and are qualified by virtue of licensure and experience.

Clients with Client Discretionary accounts will receive confirmation of each transaction, and a quarterly statement from Pershing. On a quarterly basis, BWIS advisory representatives review these Accounts and notify the client to contact us if there have been any changes in the Client Information, and annually advisory representatives will meet with clients. Advisory representatives will also be reasonably available to consult with clients upon request, work with clients to restructure investment goals and restrictions, and assist the client in rebalancing the portfolio as necessary. Any rebalancing is implemented only at the client's direction.

## VII. Other Special Risk Considerations

Certain investment strategies in the Programs use ETF shares, which are shares of investment companies and which invest in a basket of securities in an effort to track the performance of a specified market index or benchmark, or REITs, which are corporations or business trusts, whose shares are usually traded publicly, that invest primarily in income-producing real estate and/or real estate-related loans or mortgages. A client will bear, in addition to the Program Fee, a proportionate share of any fees and expenses associated with ETFs and REITs in which Assets are invested. The Brokers may receive a portion of these fees and expenses. A client's selection of strategy that uses these types of investments may cause the client to incur these additional fees and expenses on Assets the client designates for management according to such strategy. These fees and expenses may include investment advisory, administrative, distribution, transfer agent, custodial, legal, audit and other customary fees and expenses.

ETFs can be either open-end investment companies or UITs, and may be issued or redeemed only in aggregations of a specified number of shares, each called a "Creation Unit." ETFs may trade in the secondary market at a discount or premium to their net asset value. The value of the securities held by ETFs, and consequently the value of ETFs, will fluctuate. As described above, there may be fees and expenses, in addition to the Program Fee, associated with investing in ETFs, and the client's selection of a Program or a Manager strategy that uses ETFs may cause the client to incur such additional fees and expenses. There may be fees and expenses, in addition to the Program Fee, associated with investing in REITs, and the client's selection of a strategy that uses REITs may cause the client to incur these additional fees and expenses on Assets the client designates for management according to such strategy. REITs are subject to

risks similar to those associated with direct ownership of real estate which include, but are not limited to, economic conditions, declines in real estate values, changes in government regulations, increases in property taxes and defaults by borrowers. In addition, due to their concentration in the real estate industry, REIT portfolios may be riskier and more volatile than a portfolio of common stocks that is not concentrated in a particular industry or group of industries.

Shares of all closed-end Funds that trade in the secondary market may also trade at a discount or premium to their respective net asset values.

To the extent that cash used for investment in the Programs comes from redemptions of a client's other non-Program Fund investments, clients should consider the cost, if any, of any sales charges previously paid and redemption fees that would be incurred. Such redemption fees would be in addition to the Program Fee on those Assets. Clients should be aware that such redemptions and exchanges between Funds that participate in the Programs may have tax consequences that should be discussed with their independent tax advisor.

## **VIII. Brokerage Considerations**

### *Use of Brokers to Effect Transactions*

Since the Program Fee does not cover charges for brokerage transactions not executed by or through the Brokers, transactions for Program clients are generally effected through the Brokers so as to avoid the client incurring incremental charges that would be invoked by use of other brokers. However, by generally effecting securities transactions through the Brokers, the client may be foregoing any benefit from savings on execution costs that a Manager could otherwise obtain through, for example, negotiating volume discounts on batched orders.

Because the Program Fee covers transactions only when executed through the Brokers, each client will direct in the Client Agreement that transactions for the purchase and sale of securities and other investments in the Account(s) be effected through the Brokers. Transactions will be effected through a broker or dealer other than the Brokers only when consistent with a Manager's duty to obtain best execution or if required by applicable law. In instances where a transaction is executed through a broker or dealer other than the Brokers, the client may incur a transaction fee, commission, and/or other charges in addition to the Program Fee.

### *Markups & Spreads*

A Broker may execute transactions for investment advisory accounts over which it or its affiliates has discretion on the floors of securities exchanges of which they are members in accordance with Section 11(a) of the Securities Exchange Act of 1934. Markups and markdowns charged by a broker-dealer unaffiliated with the Brokers may be included in the price of certain transactions in over-the-counter and fixed income securities. With respect to these transactions, however, the Brokers and their affiliates will not charge any additional

markups, markdowns, spreads or commissions with respect to clients who participate in the Programs. The Brokers and their affiliates may also effect securities transactions for their clients not paying the Program Fee and may receive brokerage commissions. Costs associated with using "margin" are not covered in the Program Fee and may result in additional compensation to the Brokers, their affiliates, and/or the advisory representatives. Markups, markdowns and spreads (paid to market makers) charged by dealers unaffiliated with the Brokers may be included in the price of certain transactions executed on behalf of a client, including over-the-counter and fixed income securities. However, with respect to these transactions, the Brokers will charge no additional markups, markdowns, spreads or commissions.

With respect to client assets invested in a money market account, Fund, or other pooled investment vehicle, a client may be able to pay lower expenses by directly investing in such investment vehicles. Certain securities, such as over-the-counter stocks and fixed income securities, are traded primarily in "dealer" markets. In such markets, securities are directly purchased from or sold to a financial institution acting as dealer or "principal." Dealers executing principal trades typically include a "markup," "markdown," and/or spread in the net price at which transactions are executed. When the Brokers execute a transaction for an Account for a security trade in the dealer markets, the Brokers either will execute the transaction as agent through a dealer unaffiliated with the Brokers, or, in accordance with applicable law, the Brokers or one of their affiliates will execute the transaction as principal. If the Brokers execute the transaction as agent through an unaffiliated dealer, the Brokers will not charge the Account commissions or other fees in connection with the transaction, although the Account will bear the cost (including any markups, markdowns and/or spread) imposed by the unaffiliated dealer. As a result, principal trades executed through unaffiliated dealers are likely to include the payment of compensation to dealers other than the Brokers or their affiliates in addition to the Program Fee. If the Brokers or one of their affiliates execute a transaction for a client's Account as principal, the Brokers or one of their affiliates may receive a spread in the net price in connection with such transaction to the extent permitted by applicable law, which will be in addition to the Program Fee. However, the Account will not be charged any commissions for such transactions. Clients will pay the public offering price on securities purchased from an underwriter or dealer involved in a distribution, a portion of which may be paid to the Brokers or one of their affiliates.

### *Order Aggregation*

In certain instances, a Manager may aggregate orders to purchase or sell a particular security for a client and other clients, including orders for clients of other sponsors within the Program, for purposes of obtaining best execution. Frequently, it is not possible to receive the same price or time of execution for all of the securities purchased or sold and the aggregated order may therefore be executed in one or more transactions at varying prices. When this occurs, Pershing will average the various prices on a business day and charge or credit the client with the average price for the day. When one or more client

accounts advised by BWIS, Envestnet, and its affiliates are prepared to invest in, or desire to dispose of, the same security, the Brokers may batch these transactions for execution purposes. These batched transactions will be allocated in a manner believed to be equitable to each client.

### *Confirmations*

Clients in Client Discretionary receive confirmations of all transactions, and quarterly account statements from Pershing. Clients in all other Programs may choose to receive quarterly reports from Pershing in lieu of confirmations for each transaction. Clients in all Programs also receive quarterly statements from Envestnet indicating, among other things, the performance of the Program Account and the valuation of the Assets.

### *Principal & Agency Transactions*

The Sub-Managers and Strategists, may, as permitted by law, act in a principal capacity or as agent for other persons in connection with securities transactions involving investment advisory client accounts. The Sub-Managers and Strategists also may be permitted to act in a principal capacity or as agent for other persons in connection with securities transactions for which the Sub-Managers and Strategists or their affiliates do act as an investment adviser to the particular transaction, provided that the Sub-Manager or Strategist discloses its capacity, obtains the consent of the investment advisory client, and complies with all other applicable requirements. When acting in a principal capacity, the Sub-Manager or Strategist may earn an inventory profit and have other incentives to sell to, or buy from, the client certain securities from, or into, its own account and, therefore, may have a potentially conflicting division of loyalties regarding the client's and its own interest. When acting as agent for other persons, the Sub-Manager or Strategist may receive compensation from parties on both sides of the transaction and, therefore, may have a conflicting division of loyalties and responsibilities. Consent to agency-cross transactions may be revoked by the client at any time by written notice to the Sub-Manager or Strategist. In addition, the Sub-Manager or Strategist may receive fees or commissions from issuers of certain securities held in accounts of Program clients after obtaining the consent of the clients. The Sub-Manager or Strategist may receive all or a portion of the fees or commissions paid by clients to the Sub-Manager or Strategist.

Envestnet and BWIS will not act in a principal capacity or as agent for other persons with securities transactions involving investment advisory client accounts. Yet consistent with a Sub-Manager's and Strategist's duty to seek best execution, a Sub-Manager or Strategist may cause Program clients to trade with us, Envestnet or Pershing, or with clients of BWIS, Envestnet or Pershing. These transactions may be effected on a principal or agency-cross basis consistent with applicable regulations.

### *Brokerage Allocation*

The Brokers may receive indirect compensation from clients by the directed allocation of all or a portion of their brokerage business to the Brokers on securities transactions executed for the client by the client's Sub-Manager(s) or Strategist(s). All of the business that is allocated to the Brokers is done at rates which are fully disclosed to the client and which are competitive with those that could be obtained from other broker-dealers for similar services. The client should understand that, in such cases, the client may pay commissions which are higher than if the transactions were effected through broker-dealers other than the Brokers or if the client's Sub-Manager or Strategist negotiated the commission rates. Clients should also understand that such directed brokerage arrangements may cause the client to forego any savings on execution costs that the client's Sub-Manager or Strategist otherwise might be able to negotiate with such other broker-dealer(s), such as obtaining volume or other discounts on batched orders, and that, in the aggregate, the client may pay materially disparate commissions than such Sub-Manager's or Strategist's other clients, depending upon such clients' arrangements with the Broker. For client Accounts subject to ERISA, clients should understand that such client's broker arrangements must be done for the exclusive benefit of participants and beneficiaries of the plan and that it must not constitute or cause the Account to be engaged in a prohibited transaction, as defined by ERISA. Clients may wish to compare the possible costs or disadvantages of such directed brokerage arrangements. In addition, the Brokers may receive Fund sales charges and/or distribution and shareholder servicing fees with respect to Fund shares for which the Brokers are designated by the client to be broker of record.

## **IX. Proxy Voting**

We will generally not take any action or render any advice with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held in clients' Program Accounts, except to the extent otherwise required by law or as hereafter provided. Clients or the named fiduciaries retain the right and obligation to vote any proxies relating to the securities held in Program Accounts to the extent consistent with applicable law; provided, however, that clients or the named fiduciaries may delegate such rights and obligations to any properly authorized agent. Notwithstanding the foregoing and consistent with applicable rules and regulations of the securities exchanges relating to the giving of proxies by member organizations, under certain Programs (e.g., PMC Unified Managed Accounts), the client may delegate to the Manager the obligation to vote proxies on the client's behalf. In such circumstances, the client will be separately provided with the proxy voting procedures of the Manager.

If the client agreement is entered into by a trustee or other fiduciary on behalf of an employee retirement income plan subject to ERISA, including but not limited to a person meeting the definition of "fiduciary" under ERISA, the trustee or other fiduciary expressly retains the right and obligation to vote proxies, and agrees that Envestnet, any Sub-Manager or Strategist, BWIS, the advisory representative and Pershing are precluded from voting proxies for the plan.