



Bank of America Corporation

Merrill Lynch Mutual Fund Advisor[®] Program

BROCHURE

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This brochure provides information about the qualifications and business practices of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") relating to the Merrill Lynch Mutual Fund Advisor[®] Program. If you have any questions about the contents of this brochure, please contact us at 800-MERRILL (800-637-7455). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

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Additional information about Merrill Lynch also is available on the SEC's website at www.adviserinfo.sec.gov.

March 31, 2013

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Merrill Lynch Mutual Fund Advisor[®] Program

MATERIAL CHANGES

On March 30, 2012, Merrill Lynch filed its last annual update for its Merrill Lynch Mutual Fund Advisor brochure ("Brochure" or "Disclosure Statement"). Set forth below is a summary of the material changes to this Brochure since that date. This summary of material changes is designed to make clients aware of information that has changed since the Brochure's last annual update and that may be important to them. The material changes summarized below were also incorporated within this Brochure. Capitalized terms that are not defined in this Brochure have the meanings provided in the Glossary.

Contributions of Other Securities to Your Program Account

The below MFA Program Brochure update applies to Program Accounts on or after March 31, 2013 that operate pursuant to the terms of a new or amended client agreement that grant the authority described below to Merrill Lynch.

The MFA Program Brochure has been updated to reflect that if you fund your Program Account with Other Securities that cannot be held in the MFA Program, you authorize Merrill Lynch to liquidate all Other Securities on your behalf as promptly as possible. Merrill Lynch will not act as a fiduciary or investment adviser with respect to such transactions and is entitled to charge a commission and retain any related compensation. The Program Fees will not apply to the Other Securities that Merrill Lynch determines cannot be held in the MFA Program. You should consider all relevant factors before contributing Other Securities, including any charges that will result from liquidating the Other Securities and, in consultation with your tax advisor, any potential tax consequences of liquidating the Other Securities.

Change in Methodology of Fund Selection and Evaluations

Beginning on March 15, 2013, the frequency of Fund evaluations will be at least quarterly, and the frequency of evaluation will no longer be solely dependent upon subjective factors determined by us. We will continue to select each new Fund to be offered in the MFA Program using qualitative and quantitative factors.

Additional Guidance May Be Available for Financial Advisors for Select Funds

In addition to the quarterly evaluations, for select Funds, we will review additional subjective factors similar to as we did before. These evaluations may be accomplished through various means, such as in-person visits, telephone conference calls, reviews of performance, and updates of certain Fund documents and information. These select evaluations will enable us to provide our Financial Advisors with additional guidance on certain Funds. It is important to note that not all Funds will be subject to these additional subjective evaluations nor will your Financial Advisor be provided additional information with respect to all Funds available in the MFA Program. The level of information we make available to you with respect to each Fund, however, will not change.

Disciplinary Event

On June 21, 2012, Merrill Lynch, without admitting or denying the findings, entered into an AWC with FINRA related to the following five issues: (1) Merrill Lynch failed to have an adequate supervisory system to ensure that clients in certain investment advisory programs were billed in accordance with applicable contract and disclosure statements, and, as a result, overcharged certain client accounts unwarranted fees from April 2003 to December 2011; the client accounts impacted were less than 5% of Merrill Lynch's total advisory accounts, and the fees overcharged represented less than one-half of 1% (\$32,174,369) of the total advisory fees

billed during that period; all impacted clients have been reimbursed; (2) between July 2006 and November 2010, Merrill Lynch failed to send contemporaneous and/or periodic trade confirmations to certain client accounts for ten investment advisory programs; (3) between 1992 and June 2011, Merrill Lynch did not include or accurately state whether Merrill Lynch acted as an agent or a principal on trade confirmations and account statements relating to certain mutual fund transactions; (4) between 2007 and 2010, Merrill Lynch, either directly or through third-party vendors, failed to deliver proxy materials to certain clients or to their designated investment advisers, and to have an adequate supervisory system to detect its failure to deliver proxies; the clients impacted constituted less than 1% of Merrill Lynch's clients during that period; and (5) between October 2001 and June 2010, Merrill Lynch failed to send margin risk disclosure statements and/or business continuity plans to certain clients upon the opening of their accounts; the clients impacted constituted less than 1% of Merrill Lynch's clients during that period. In determining the appropriate sanctions, FINRA considered Merrill Lynch's internal review through which it identified the violations, the remedial measures that Merrill Lynch took to correct its systems and procedures, and Merrill Lynch's efforts to provide remediation to affected clients. Merrill Lynch consented to the imposition of a censure and a fine of \$2.8 million.

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Advisory Business

- [1] Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch,” “we,” or “us”), a direct wholly-owned subsidiary of Merrill Lynch & Co., Inc. (“ML&Co.”) and an indirect wholly-owned subsidiary of Bank of America, is a global investment banking firm and a registered broker-dealer, investment adviser and futures commission merchant. Merrill Lynch offers a broad range of brokerage, investment advisory, retail and other services and has been registered with the Securities and Exchange Commission (“SEC”) as an investment adviser since 1978. This Brochure relates to the Merrill Lynch Mutual Fund Advisor® program (the “MFA Program” or the “Program”) offered by Merrill Lynch. Clients are referred to as “Client,” “You” or “Your.”
- [2] Capitalized terms that are not defined in this Program Brochure have the meanings provided in the Glossary.

MFA PROGRAM

- [3] The MFA Program provides advice and discretionary management of Program Accounts (“Program Account(s)”) comprised exclusively of shares of mutual funds. The funds are either Related Funds or Unrelated Funds. The Related Funds include those funds that are advised by Merrill Lynch and Bank of America affiliates, including but not limited to BofA™ Global Capital Management, LLC. You may also select BlackRock Strategies, which are certain investment strategies in the MFA Program that invest only in shares of BlackRock Funds, including BlackRock money market funds. BlackRock Funds, including BlackRock money market funds, are not considered Related Funds or Related Money Market Funds.
- [4] To participate in the MFA Program, you will need to enter into an investment advisory agreement with us in which, among other things, you grant us the discretionary authority to make purchases, exchanges and redemptions of Fund shares. This discretionary authority generally includes the determination of which Fund shares and the total amount

to be bought, exchanged or redeemed without obtaining your specific consent before a transaction is effected. You are also required to open and fund a Merrill Lynch CMA®, RCMA® or other securities account at Merrill Lynch to facilitate participation in the MFA Program. Transactions in your Program Account are effected by us or one of our affiliates. While the MFA Program is generally intended for clients seeking a long-term investment program, Fund shares may be purchased, exchanged or redeemed on a long or short term basis (including transactions within a thirty-day period).

- [5] In managing your Program Account, we will, if available, purchase a class of shares of Related Funds or Unrelated Funds with no front-end or CDSC that are not subject to Rule 12b-1 Fees and/or a class of shares of Related Funds or Unrelated Funds with no front-end or CDSC or with Rule 12b-1 fees waived, as well as certain money market funds. Please note that we, or an affiliate, may receive Rule 12b-1 fees (other than with respect to the shares of money market funds held in certain Retirement Accounts) and we or an affiliate will retain such fees. These fees may also be used in calculating the Program Fees (defined below). The Funds in your Program Account may also include index funds whose portfolios will consist of securities and other assets that seek to replicate the performance of the tracked index.
- [6] Depending upon the date of your enrollment and the underlying type of Program Account, any free credit or cash balances will be invested (pending investment, as part of an asset allocation or otherwise) in the Related or Unrelated money market fund and/or deposit account then available to your Program Account through the MFA Program. If the “daily sweep” election that you made in underlying securities account opening documents is unavailable in the MFA Program, you must change this election to another available option. Assets held in an unavailable election will be sold and/or withdrawn and reinvested in an available fund and/or deposit account. You can obtain a list of money market funds that can be held in the MFA Program from your Financial Advisor. With certain account types, a sweep option may not be available. In that case, you will not be invested in one of the above sweep options as part of the Program.
- [7] Many of the Funds available through the MFA Program are also available through brokerage and other investment advisory services that we offer. In fact, any Fund shares purchased prior to enrolling in the MFA Program and subsequently transferred into a Program Account may be subject to the MFA Program Fees immediately upon transfer to the MFA Program. This means that you may pay both an up-front commission or sales charge (when the security was purchased prior to enrolling in the MFA Program) as well as an MFA Program Fee (once enrolled in the MFA Program) in connection with the purchase of the same Fund shares.
- [8] The scope of any investment advisory relationship we have with you is defined in the investment advisory contract you sign for the MFA Program. When you are enrolled in the MFA Program, we act as your investment adviser only for your Program Account and not any other assets or accounts, unless otherwise separately agreed to by us in writing. Our MFA Program advisory relationship begins when we enter into an investment advisory contract with you, which occurs when we accept your signed contract. Preliminary discussions or recommendations before we enter into an advisory contract with you are not intended as investment advice and should not be relied on as such.
- [9] In addition to the MFA program, we, and our affiliates, offer a wide variety of advisory services, including (but not limited to) Merrill Lynch Consults® Service, Merrill Lynch Consulting Services, Merrill Lynch Personal Advisor® Program, Merrill Lynch Personal Investment Advisory® Program, Merrill Lynch Strategic Portfolio Advisor® Service, and Merrill Lynch Unified Managed Account (“UMA”). We also offer impersonal investment advice (general advice not tailored to the specific needs of any individual) in the

form of publications or research. In addition, we offer financial planning services, including (but not limited to) the Financial Foundation® Report, and the Private Planning Service®. More information about these programs and services is contained in the applicable Merrill Lynch brochure (or Merrill Lynch Form ADV, Part 2A) and is available through the SEC's website at www.adviserinfo.sec.gov.

INVESTMENT RESTRICTIONS

- [10] You may place reasonable restrictions on the management of your Program Account. Investments made by Funds are subject to the investment restrictions described in the applicable Fund's prospectus, SAI or other offering document and restrictions imposed by applicable law. As a result, any restrictions that you place on the management of your Account do not operate to restrict investments made by a Fund. However, you may choose to restrict reasonably the Funds in which we invest your Program Account assets.
- [11] Your Financial Advisor will request that you complete a Profiling Questionnaire. These questionnaires seek to obtain information about your investment objectives, risk tolerance, investment restrictions and other relevant information. Based on this information, you will select an investment strategy to be used by us as a guide in our discretionary management of the Program Account.
- [12] You should understand that neither the questions nor your answers to any question, including those relating to investment returns, make or imply a promise or guarantee of investment returns or the achievement of your investment objective. It is very important that you provide accurate and complete information since the failure to do so could affect the services being provided and the investment strategy selected.
- [13] You should carefully review the MFA Investment Strategy Profile for each investment strategy that you are considering and discuss each strategy and your risk category with your Financial Advisor. Each profile describes various aspects of the investment strategy, including its investment approach, and details certain composite account performance results (if available). The performance information is accompanied by important disclosures about the types of accounts included in the composite, if included, as well as other relevant topics. *Please note that past performance does not guarantee or indicate future results.* You should consider all of this information in deciding whether to select or change an investment strategy. MFA Investment Strategy Profiles are updated at least annually. If you are already participating in the MFA Program, we encourage you to ask your Financial Advisor for the current profiles relating to your selected investment strategy and other strategies corresponding to your risk category.
- [14] Although you must select a single investment strategy for each Program Account, you may open multiple Program Accounts, provided that each Program Account meets the MFA Program requirements. Under certain circumstances, you may decide to select an investment strategy that is not included within the risk category (as indicated by your Program questionnaire). You should understand that any such decision is at your risk.
- [15] Certain clients accounts opened prior to January 1, 2000, are managed based on investment strategies formulated from the client's investment objectives, risk tolerance, investment restrictions, and other relevant information as stated in the client's investor profile. These clients have not selected a strategy described in this Brochure, and the strategies used to manage their Program Accounts may be different than those selected by other MFA clients. At any time, these clients may complete a new Profiling Questionnaire, review the MFA Investment Strategy Profiles and select another strategy from among the investment strategies described in the MFA Investment Strategy Profiles.

- [16] It is your obligation to notify Merrill Lynch in writing of any material change in financial circumstances, investment objectives or investment restrictions (if any) that might affect management of your Program Account. We will remind you periodically of the need to report such information promptly. You may change a previously selected strategy by contacting your Financial Advisor.

WRAP FEE PROGRAMS

- [17] As stated above, we offer other advisory programs. Certain MFA investment strategies may be similar to strategies offered through other advisory programs, including wrap fee programs such as Merrill Lynch UMA, and, in both programs, we may manage strategies consisting solely of Funds. The method and parameters by which we manage accounts and portfolios in different wrap fee programs is discussed in each program's brochure. In certain programs, the Investment Management & Guidance group of Merrill Lynch ("IMG"), will provide initial and ongoing due diligence into the securities, Funds, Style Managers, and other investments that are permitted in the program. In all of our wrap fee programs, we charge clients asset-based and other fees, as detailed in the applicable program brochure. The MFA Program fee may be more or less than the asset-based fee charged for other programs.

LOANS AND COLLATERAL

- [18] Your Program Account assets may be "pledged" or used as collateral, with our consent, in connection with loans obtained through certain unaffiliated or affiliated loan programs, such as, but not limited to, the securities based lending Loan Management Account® ("LMA") and Mortgage 100®/Parent Power® mortgage programs (collectively referred to as "Lending Programs"). Under such Lending Programs, you may receive loan proceeds as a result of an arrangement whereby your Program Account is pledged to a lender, and in certain circumstances, the lender may be an affiliate of us. If you have elected to participate in a Lending Program, the terms and conditions applicable to that Lending Program are governed by the applicable loan documents and other service agreements and are not included or described further in this Brochure. You should review carefully the terms, conditions and any related risk disclosures for such Lending Program and understand that such risks may be heightened in the event you hold a concentrated position in your pledged Program Account or if your pledged Program Account makes up all, or substantially all, of your overall net worth or investable assets. A collateral call could disrupt your selected Fund's investment strategy for the Program Account. You, your Financial Advisor or your Selected Fund may not be provided with prior notice of a liquidation of the securities in your pledged Program Account. You, your Financial Advisor and your Selected Fund may not be entitled to choose the securities which are to be liquidated by the lender. The costs associated with such a lending arrangement under a Lending Program are not included in the MFA fees and may result in additional compensation to us, our affiliate and our Financial Advisors. You should consult with your own independent tax advisor in order to fully understand the tax implications associated with pledging your Program Account as loan collateral and the potential liquidation of pledged assets. You are encouraged to speak with your Financial Advisor to the extent you have questions about how your Program Account may be used in connection with a Lending Program and how such arrangement should be taken into consideration when discussing the management of your Program Account.

ASSETS UNDER MANAGEMENT

- [19] As of December 31, 2012, Merrill Lynch had assets under management of \$385 billion, of which \$211 billion was managed on a discretionary basis and \$173 billion was managed on a non-discretionary basis.

Fees and Compensation

- [20] You pay an asset-based fee that covers the advisory services, transactions in Program Accounts and custody of assets in such accounts (the “Program Fees”) based on the dollar value of assets as listed in the Program Fee schedule below.
- [21] Other pricing arrangements, typically involving multiple accounts, products or services, may also be available to certain clients. While clients entering into such arrangements may pay higher fees for any particular component, such as fees higher than those shown in the Program Fee schedule for the MFA Program, the pricing arrangement as a whole will generally result either in the same or lower fees in aggregate for all the accounts, products or services provided or the inclusion of additional products and services.
- [22] Program Fees may be negotiated and may vary from the fee schedule below. You may pay more or less than similar clients depending on a number of factors including, but not limited to:
- The amount of your assets;
 - The number and size of related Program and other Program Accounts maintained at Merrill Lynch;
 - The range and extent of services provided or to be provided to you in the aggregate by Merrill Lynch; and
 - The Financial Advisor assisting you.
- [23] Program Fees may vary as a result of prior policies and the date the Program Account was opened.
- [24] Program Fees will be calculated by deducting a credit amount (the “Credit Amount”) from the maximum gross Program Fee rate and will be charged against all the eligible assets in the Program Account, including cash balances, money market fund shares, and other Fund positions. The maximum annual net Program Fee rate is 2.00%, with a breakpoint that reduces the Program Fee, as reflected in the below Program Fee schedule, after deducting the Credit Amount.

DOLLAR VALUE OF ASSETS UNDER MANAGEMENT	MAXIMUM ANNUAL GROSS PROGRAM FEE RATE	MAXIMUM ANNUAL NET PROGRAM FEE RATE
First \$2,000,000	2.50%	2.00%
Additional Assets	2.20%	1.70%

- [25] The Credit Amount will be deducted on a quarterly basis from the quarterly gross Program Fee rate and will equal the greater of:
- (i) an amount equal to 0.125% of the value of the Program Account (0.50% on an annual basis), or
- (ii) the sum of (a) the investment management fees, which are calculated on a daily basis paid to us or our affiliate in the previous quarter by the Related Funds that are attributable to the shares of such Funds in the Program Account, plus (b) Rule 12b-1 fees, which are calculated on a daily basis, paid to us or an affiliate in the previous quarter that are attributable to the shares of Funds in the Program Account.
- [26] The Program Fee for the initial quarter will be determined at the applicable annual gross Program Fee rate less the Credit Amount at the annual rate of 0.50%, based on the value of the Program Account as of the first Monthly Portfolio Appraisal Date (i.e., the last Friday of each month, but the last business day of December). The initial Program Fee will be pro-rated for the period, beginning on the date when we first allocate your

assets among the Funds according to your client agreement (the “Initial Allocation Date”), through the Monthly Portfolio Appraisal Date at the end of the initial calendar quarter. Although the Initial Allocation Date may occur after the effective date of your client agreement, no Program Fees will be payable before the Initial Allocation Date.

- [27] For each subsequent calendar quarter, you will pay the Program Fee to us in advance at the applicable annual net fee rate (i.e., the applicable annual gross fee rate less the Credit Amount at the annual rate of 0.50%, as adjusted for any additional Credit Amount due with respect to the previous calendar quarter). To compute the Program Fees, the value of the Program Account will be determined by averaging the market value of the Program Account as of the Monthly Portfolio Appraisal Date for each of the previous quarter’s three (or, if the initial period, fewer) months. No fee adjustment will be made for partial withdrawals or for Program Account appreciation or depreciation within a billing period.
- [28] The Program Account value used for the fee calculation may differ from that shown on your securities account statement and performance measurement report due to a variety of factors, including, trade date or settlement date accounting and other considerations. Performance measurement reports may also reflect the value of assets over which Financial Advisors do not exercise investment discretion (such as those in the Program Account) and/or for which Program Fees are not charged. Further, it should be noted that the valuation of securities reported in a performance measurement report may be subject to occasional re-pricing in reasonable and appropriate circumstances, but such re-pricing may not affect, or result in the adjustment of, previously calculated Program Fees.
- [29] We may, from time to time, enter into specialized agreements to provide particular or unique services to certain clients, subject to negotiated fees. In addition, the fees for certain of the services described above may be reduced for our or our affiliates’ employees, or such employees and affiliates may be subject to prior fee schedules.

CALCULATION AND DEDUCTION OF ADVISORY FEES

- [30] Program Fees are payable quarterly in advance. In addition, you authorize Merrill Lynch, as permitted by law, to impose a lien on and sell assets in your Program Account, whether in your Program Account or otherwise held by Merrill Lynch or its affiliates, to satisfy fees due under the Program.

OTHER FEES AND EXPENSES

- [31] The Program Fees do not include the expenses at the underlying Fund level. The fees and expenses that the Fund pays are typically passed through to you as a shareholder in the Fund, and you will bear a proportionate share of the expenses of the Funds in which the Program Account is invested. Expenses may include underlying investment management fees, Rule 12b-1 fees (if any), and shareholder subaccounting or related Service Fees. Any fees imposed by a Fund relating to the purchase or holding of Fund shares, such as fees for the redemption of shares within a specified period of time, are also in addition to the Program Fees. Accordingly, you will, in effect, pay two levels of fees with respect to your Program Account assets that are invested in Funds – direct fees (i.e., Program Fees and expenses) and indirect fees (i.e., Service Fees and expenses). These fees and expenses are described in each Fund’s prospectus, SAI or other offering document. You will be provided with that Fund’s prospectus or other offering document. To request the SAI or additional copies of the prospectus or offering document of any Fund in which your Program Account invests, please contact your Financial Advisor. The offering documents of certain Funds in your Program Account may restrict the withdrawal of Fund shares from your Program Account and we will redeem such shares upon Program Account termination.

[32] As discussed above, you must open and fund a Merrill Lynch CMA®, RCMA® or other securities account at Merrill Lynch to facilitate participation in the MFA Program. The Program Fees also do not include the fees and charges associated with these accounts, except that the annual account fee will be waived while the Program Account is enrolled in the MFA Program.

[33] You will also pay transaction charges resulting from transactions effected in securities (other than eligible Fund shares), which will be subject to the appropriate transaction costs as agreed upon between you and your Financial Advisor. These charges may include mark-ups, mark-downs, dealer spreads and/or other charges and will result in additional compensation to us.

[34] Fund shares held in the Program Account will generally not be eligible for margin. When margin is permitted, margin interest on debit balances is not included in the Program Fees, and Financial Advisors may receive additional compensation. Further, on an exception basis, you may receive loan proceeds as a result of an arrangement whereby your accounts (including the Program Account) are pledged to our affiliate. The costs associated with this arrangement are not included in Program Fees and may result in additional compensation to us and our Financial Advisors.

REFUND OF PREPAID FEES AT TERMINATION OF THE CLIENT AGREEMENT

[35] Fees are payable quarterly in advance. You or Merrill Lynch may terminate your client agreement at any time upon written notice to the other. If your client agreement is terminated before the last day of a calendar quarter, a pro rata portion of the quarterly fee paid in advance will be refunded to you. We will also refund you any additional Credit Amount that may be due for the final period. However, if you seek to transfer assets from the Program Account to another brokerage firm on or after the termination of the MFA Program, certain account transfer fees will apply.

COMPENSATION FOR THE SALE OF SECURITIES

[36] We and our employees, including your Financial Advisor, benefit from the compensation paid to us, and may directly or indirectly receive a portion of the fees and other compensation paid by you and other clients in the MFA Program. This practice creates a potential conflict of interest that may give us and our Financial Advisors an incentive to recommend advisory services and particular Funds based on the compensation received. Fees and commissions may also be higher for some products or services, and the remuneration and profitability to us and our Financial Advisors resulting from transactions on behalf of or management of certain Program Accounts may be greater than the remuneration and profitability resulting from other advisory accounts, products or services. (See section entitled *Participation or Interest in Client Transactions* for more information about the receipt of compensation for the sale of securities and other investment products.)

[37] We address these conflicts through disclosure in this Brochure. Moreover, our Financial Advisors are required to recommend investment advisory programs, investment products and securities that are suitable for each client based upon the client's investment objectives, risk tolerance and financial situation and needs. In addition, we have adopted policies and procedures to address the suitability of advisory products offered to clients.

USE OF UNAFFILIATED BROKERS

[38] The Funds in which you may invest through the Program are generally available for purchase outside of the Program, whether through our brokerage platform or other advisory programs or another broker-dealer or

investment adviser. In addition, certain investors, including certain institutional investors, may be able to invest in a share class of some of these Funds that has lower fees than those charged by the share class available through the Program. By purchasing those Funds outside of the Program, you would not incur the additional Program Fees, described above. However, when purchasing those Funds outside of the Program, you will not receive the specific array of Program services described in this Brochure and some Funds may charge a sales load on direct investments.

FEE OFFSET FOR EXECUTION CHARGES

[39] Rule 12b-1 fees received by us or our affiliates are considered in the calculation of the Credit Amount offset to gross Program Fees.

Performance Based Fees and Side-By-Side Management

[40] Neither we nor our Financial Advisors receive performance-based fees for the MFA Program.

Types of Clients

[41] Clients that can participate in the MFA Program include eligible: (a) Retirement Accounts; and (b) investors other than Retirement Accounts including individuals, trusts, estates, charitable organizations, partnerships, corporations, and other business entities. If index funds are held in Retirement Accounts, only BlackRock index funds will be purchased.

[42] The MFA Program may be available to plans that are subject to the ERISA provisions, as well as 403(b) Plans that permit the payment of advisory fees in advance. In general, participation of these plans is permitted where an independent fiduciary of the plan is authorized to appoint us as the investment adviser for the plan through the MFA Program. If a plan provides for participant direction of investment of their accounts, such as in certain "401(k) plans," the plan participant will be deemed the MFA Program client under the client agreement, unless the plan's ownership of assets otherwise requires. As described in the client agreement that each participant must sign, each plan participant's account will be separate and apart from that of all other participants. Accordingly, each plan participant must independently meet the requirements for participation in the MFA Program and program fees will be charged separately to each participant's account. Plans for which we or our affiliate act as trustee are not presently eligible to participate in the MFA Program.

REQUIREMENTS FOR OPENING A PROGRAM ACCOUNT

[43] You must open and fund a Merrill Lynch CMA®, RCMA® or other securities account at Merrill Lynch to facilitate participation in the MFA Program.

[44] In addition, you must contribute to the Program Account cash and/or shares of eligible Funds in the amount of at least \$5,000, or such other amount as agreed by us. We may in our discretion accept shares of certain Related Funds and Unrelated Funds, provided that such Related and Unrelated Fund shares are of a share class that may be held in the MFA Program or as otherwise agreed to by us. These Fund shares will be referred to throughout this Brochure as "eligible Fund shares."

[45] Your client agreement requires you to represent that you have held the eligible Fund shares contributed for our management for at least one year. This one-year holding period does not apply to shares purchased at

net asset value or through another eligible Merrill Lynch asset-based fee program. The requirements for contributed shares apply to both initial and subsequent contributions.

- [46] You may fund your Program Account by depositing cash and/or securities acceptable to us ("Other Securities"). If any of the Other Securities deposited to fund your Program Account cannot be held as part of, or are otherwise ineligible to be held in, the MFA Program, then such Other Securities in your Program Account will not be invested in accordance with the MFA Program until such time as the Other Securities can be liquidated and the proceeds so invested. You authorize and direct Merrill Lynch to liquidate all Other Securities on your behalf as promptly as practicable, including by redeeming any Fund shares, if applicable. Merrill Lynch will not act as a fiduciary or an investment adviser in connection with any such transactions, but is entitled to charge a commission for the sale of such securities and/or execute a principal trade for such sale, and, in doing so, may retain any related compensation. Depending on the type of Other Security involved, these liquidations may cause you to incur taxable gains or losses or to pay applicable fees or charges. You should review the potential tax consequences of these liquidations with your tax advisor before funding a Program Account with Other Securities. You should consider all relevant factors before contributing Fund shares to the Program Account, including the fact that you may have paid a front-end sales charge and any applicable contingent deferred sales charges or redemption fees will remain your responsibility and will be in addition to your Program Fees. The discussion in this section regarding funding applies to both initial and any subsequent contributions of securities and/or Fund shares to your Program Account. The Program Fees will not apply to the Other Securities that Merrill Lynch determines cannot be held in the MFA Program.
- [47] You should understand that, except as described above, we may redeem all or any portion of contributed Fund shares, either initially or during the course of management in the MFA Program, including shares upon which you paid a sales charge and shares transferred from another Merrill Lynch asset-based fee program. You will be responsible for any tax liabilities resulting from these redemptions as well as from all other transactions effected in the Program Account. You should consider the cost of any sales charges that were previously paid on any Fund shares that are contributed to the Program Account or that were paid on shares of mutual funds that have been redeemed to deposit cash in the Program Account.
- [48] You may contribute any class of shares of a BlackRock Fund (except Class B shares unless otherwise permitted), even though only a class of shares of BlackRock Funds not subject to Rule 12b-1 fees ("Non-Rule 12b-1 Shares") will be held through the MFA Program. If Contributed BlackRock Fund Shares are subject to Rule 12b-1 fees ("Rule 12b-1 Shares"), we will redeem such shares, except if Non-Rule 12b-1 Shares of the same Fund are included in the Program Account on the Initial Allocation Date based on the investment strategy that you selected. Then, we will not redeem the respective Rule 12b-1 Shares, but instead, we will exchange such shares for Non-Rule 12b-1 Shares of the same BlackRock Fund to the extent required for the investment strategy. If the redemption or exchange of Contributed BlackRock Fund Shares would otherwise give rise to any CDSC, this CDSC will be waived.
- [49] Clients should understand that upon their account enrollment in the MFA Program, the following services will not be available for that account: Checks, Visa® debit cards, web bill pay, online client orders, and systematic withdrawal services such as Move Money®/funds transfer disbursements. Similarly, the participation of the Program Account in the Merrill Lynch Automated Investment Program ("AIPS") will be suspended while the account is enrolled in the MFA Program, except to the extent that

you have authorized the automatic deposit of cash into the Program Account. Additional assets contributed through AIPS will be invested in our discretion, but generally on a pro rata basis among the Funds in the Program Account.

TRANSFERS FROM A PROGRAM ACCOUNT, CLOSING A PROGRAM ACCOUNT AND TERMINATING PARTICIPATION IN THE MFA PROGRAM

- [50] For a partial withdrawal of assets from a Program Account, you may direct us to redeem shares of specific Funds. In the absence of such a direction, we will redeem Fund shares with the priority to maintain, to the extent practicable, your then existing allocation among Funds, without regard to your potential tax consequences.
- [51] If you transfer Funds formerly held through the MFA Program ("MFA Shares") to another eligible Merrill Lynch asset based fee program, the MFA Shares will be treated as shares purchased through the other program. The MFA Shares will, therefore, be subject to any applicable closing fees upon the termination of your participation in any other Merrill Lynch asset-based fee program, without credit for any period of time that the MFA Shares were held in the MFA Program.
- [52] If you terminate participation in the MFA Program and seek to acquire Fund shares, you should note that certain Fund shares cannot be purchased at Merrill Lynch outside of an asset-based fee program and that applicable restrictions will apply. You may have to pay any applicable sales load for these purchases. The period of time during which your shares were held prior to or during participation in the MFA Program will not be credited toward the holding period requirement for reduction of any CDSC applicable to shares purchased upon termination of participation in, or otherwise outside, the MFA Program.

Methods of Analysis, Investment Strategies and Risk of Loss

INVESTMENT SELECTION IN THE MFA PROGRAM

- [53] We seek to provide clients with access to professional investment advice and to make available a choice of various investment styles and corresponding risk levels. As a general matter, we identify the rationale for a particular investment management style in the MFA Program through client demand or the need to replace an existing Fund.
- [54] *Screening and Selection of Funds.* Once Merrill Lynch identifies a need for a particular investment management style, the Investment Management & Guidance group of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("IMG") uses a multi-factor process to screen and select suitable Funds to meet this need. These factors include, but are not limited to:
- Organizational structure and stability of a Fund;
 - Adherence to investment style;
 - Evaluation of risk and volatility;
 - Investment professional and strategy resources;
 - Investment philosophy and process;
 - Portfolio construction; and
 - Performance.
- [55] At the outset of the screening and selection process, IMG will generally gather information on the candidate Funds from published materials and investment manager products and services databases. At times, IMG may also gather information through requests for proposals and direct contact

with candidate Funds. Using the information collected, IMG will review candidate Funds based on the factors listed above, and may use both quantitative and qualitative analytical methods to do so, wherein some of the analytical methods may be subjective. IMG may assign different weightings to each of the factors considered and generally no single factor will be determinative in whether a particular Fund is offered in the MFA Program. Further, IMG may replace one or more factors with a different factor that IMG reasonably believes is suitable and appropriate. For example, with respect to candidate Funds that have no prior performance in the style under consideration, IMG may screen such Funds for past performance achieved in other investment styles. Please note that although Merrill Lynch reviews a candidate Fund's past performance, we do not audit this data to verify either its accuracy or that each such Fund has calculated past performance in a manner that is consistent with industry standards or the methodology used by other investment managers.

[56] In addition to the multi-factor screening process by IMG described above, Merrill Lynch will supplement IMG's review of candidate Funds by, among other things, assessing the Fund's operating capabilities were they to become participants in the MFA Program, including the Fund's administrative processes and capacity to service clients, and considering their willingness to participate in the MFA Program on the required terms. If after the reviews Merrill Lynch believes that a candidate Fund is suitable for inclusion in the MFA Program, such Fund will be made available for selection for a client's Program Account as part of a portfolio.

[57] *Portfolio Construction.* For MFA Portfolios ("Portfolios"), we select the Funds and the allocations or allocation ranges for each Portfolio. These Portfolios are organized according to a shared characteristic, such as asset class or manager style or sub-style and are designed to seek to deliver returns that exceed a benchmark consistent with a particular risk tolerance. IMG combines disciplined fundamental research with quantitative analysis to select Funds for these Portfolios. IMG typically considers each Fund's firm, resources, methodology and historical investment results to seek to determine which Funds are most likely to deliver appropriate products and services. The process of constructing these Portfolios includes, but is not limited to:

- Defining and evaluating the macroeconomic environment;
- Developing a candidate list of Funds, including a risk analysis of individual Funds;
- Assembling multi-manager portfolios with desired risk characteristics; and
- Continuously monitoring, managing and rebalancing, if applicable, portfolios for risk/return.

[58] New or significant changes to Portfolios, including evaluation of the Funds, are reported to an internal governance committee, which has decision-making authority with respect to portfolio construction.

[59] You should carefully read the Profiles provided and understand the relevant objectives, styles and risks. Although a Profile provides general information regarding the relevant Portfolio, any past performance shown in the Profile is not indicative of future results. Additionally, the performance of that portion of your assets invested pursuant to a particular Portfolio may differ from the information presented in the Profile.

[60] *Periodic Review of Funds.* IMG will periodically re-evaluate Funds available in the MFA Program. For each Fund in the MFA Program, IMG will:

- At least quarterly, re-evaluate all the factors analyzed during the initial due diligence review; and

- As needed upon notice of a material change, review the impact of any such changes on a Fund (including investment advisers managing Fund assets).

[61] If IMG identifies material concerns relating to a Fund as a result of either the quarterly evaluation or a material change, IMG will conduct additional qualitative and subjective reviews to determine whether the Fund's offering in the MFA Program continues to be appropriate.

[62] IMG may also, in its discretion, conduct additional or more frequent reviews of select Funds that IMG believes warrant such review. IMG may decide to conduct additional reviews based on, for example, the level of assets of the Fund in client accounts at Merrill Lynch or an Affiliate Company, the number or percentage of Merrill Lynch or an Affiliate Company clients in the Fund or the asset class involved. Investment strategies, managers and funds made available through certain Affiliate Company programs or services will be subject to these additional reviews. An "Affiliate Company" means a company that is controlled by, in control of, or under common control with, MLPF&S; an Affiliate Company includes Bank of America, N.A. ("BANA").

[63] With respect to these select Funds, IMG may periodically evaluate certain additional qualitative and subjective factors. These reviews may be accomplished through various means, including, but not limited to, in-person visits, telephone conference calls, reviews of performance, and updates of certain Fund documents and information. We may also conduct periodic analysis of composite performance to determine whether that performance generally appears to be consistent with that of MFA accounts. Merrill Lynch, including IMG, does not perform audits of Funds to verify past performance information that the Funds provide to us.

[64] IMG may also, from time to time, make available additional guidance to Financial Advisors through regular or ad hoc internal publications, and may include, among other items, information that reflects internal IMG opinions and views with respect to a Fund, notices of a particular event that may lead to a Fund being closed to new investments or terminated from the MFA Program or other information. This additional information may be used by your Financial Advisor in considering whether a particular Fund is suitable for investment in your Program Account(s). You should understand that your Financial Advisor will not be provided such additional information with respect to all Funds available in the MFA Program and your Financial Advisor may decide not to utilize or follow this additional guidance and make recommendations with respect to Strategies independent of the information and guidance provided by IMG. You should discuss with your Financial Advisor any questions you may have about IMG's views with respect to a particular Fund.

[65] In addition to IMG's periodic review as described above, Merrill Lynch will, at least annually, review a Fund's capabilities as participants in the MFA Program, such as the Fund's administrative processes and continued capacity to service clients under the terms of the MFA Program.

[66] *Status Change or Termination of Funds.* If, as a result of IMG's review, we identify material concerns regarding a Fund, we may choose not to accept any new investments in the Fund. We will notify you of our decision to stop accepting new investments in a particular Fund at least quarterly. In the case of material concerns, we may terminate the Fund from the MFA Program. In the event of such termination, we will select a replacement, as described in the *Review of Accounts* section. At times, the style of management of a Fund may vary or drift from the stated style, for example, due to the unavailability of investments consistent with that style or market movements affecting capitalization. We may allow a Fund's strategy or investment style to vary without removing the strategy or style from the platform if we determine that the changes to the style are reasonable in view of the circumstances.

[67] Our review of Funds/Portfolios does not substitute for your ongoing monitoring of your Program Account and the performance of your investments.

[68] For the investment strategies that involve investment solely in BlackRock Strategies, BlackRock will provide investment advice to IMG to assist in the management of Program Accounts at no additional expense to clients. BlackRock will generally determine the asset allocation of, and BlackRock Funds and BlackRock money market funds included in, each investment strategy as well as the timing of any rebalancing of Program Accounts. IMG will implement the investment advice provided by BlackRock, subject to any of the client's stated reasonable investment restrictions. The BlackRock Funds and BlackRock money market funds selected will be based on research conducted by BlackRock's investment and risk management departments. BlackRock evaluates funds based on their performance, risk profile, investment process and holdings, considering each strategy's investment objective and risk level. Risk management tools are also used to analyze the aggregate sector, style, capitalization, regional exposures and overlap of funds held within each BlackRock Strategy. For additional information about BlackRock, you should ask your Financial Advisor for a copy of BlackRock's Brochure (Form ADV, Part 2A) or view BlackRock's Form ADV at www.adviserinfo.sec.gov.

[69] For investment strategies other than BlackRock Strategies, please note that we make available for client selection Related Funds for inclusion in an investment strategy subject to the same review process as described above for Unrelated Funds. We, therefore, include such Related Funds in investment strategies available to clients as we deem appropriate and subject to any applicable legal restrictions.

TAX AND RISK DISCLOSURE

[70] All investment strategies and the investments made as a result of implementing those strategies involve risk (the amount of which may vary significantly) and you should be prepared to bear such losses. The investment performance and the success of any MFA investment strategy can never be predicted or guaranteed, and the values of the Funds in your Program Account will fluctuate due to market conditions and other factors. The investment decisions made, and the actions taken, for all Program Accounts will not necessarily be profitable and are subject to various risks, as described below.

[71] Again, you are responsible for any tax liabilities which result from transactions in your Program Account (including any redemptions arising from the addition of assets to, or withdrawal of assets from, the Program Account or upon the liquidation of Fund shares to pay Program Fees), and we encourage you to seek the advice of a qualified tax professional.

MATERIAL RISKS

[72] Your Program Account is subject to investment risk and you may lose money by participating in the Program. Importantly, your Program Account is not a bank account. It is not insured or otherwise protected by the Federal Deposit Insurance Corporation or any other government agency, is not an obligation of any bank or any of our affiliates; and is not endorsed or guaranteed by Bank of America, N.A., Merrill Lynch, any bank or any of our affiliates. The principal investment risks of investing in the Funds that are part of your investment strategy are described in each Fund's prospectus, SAI or other offering document. General investment risks include, but are not limited to, the following:

[73] *Management Risk* – Our investment decisions might produce losses or cause your Program Account to underperform relative to a relevant benchmark or peer group.

[74] *Market Risk* – Security prices in a market, sector or industry may fall, reducing the value of your Program Account.

[75] *Equity Risk* – Stock prices may fall over short or extended periods of time.

[76] *Interest Rate Risk* – The value of fixed income securities may be affected by any increase or decrease in prevailing interest rates. In general, if interest rates rise, bond prices fall, and if interest rates fall, bond prices rise.

[77] *Credit Risk* – Changes in the financial condition of an issuer or guarantor of a fixed-income security or a counterparty to a contractual obligation and changes in general economic conditions may impact the actual or perceived willingness or ability of an issuer, guarantor or counterparty to make timely payments of interest or principal or to otherwise honor its obligations. Such changes may result in a loss.

[78] *Style Risk* – We may follow a particular investment style that may fall out of favor in the market.

[79] *Inflation Risk* – Returns on fixed income securities may not keep pace with inflation.

[80] *Foreign Securities Risk* – Foreign securities are subject to special risks, including but not limited to, limited liquidity, delays in settlement, exchange rates, less publicly available information about companies, the impact of political, social or diplomatic events, possible seizure, expropriation or nationalization of a company or its assets, and possible imposition of currency exchange controls. Foreign markets may be extremely volatile.

[81] *Allocation Risk* – Your Program Account's investment performance depends in part upon how your assets are allocated among the Funds in your selected Investment strategy. We may make asset allocation decisions that result in underperformance of your Program Account relative to either your expectations or similar programs, and there is no guarantee that a given investment strategy will produce the desired results.

[82] *Fund Redemption Risk* – From time to time, we may determine to add or remove a Fund to or from one or more investment strategies (or make similar decisions with respect to the use of that Fund in another program). In addition, we may decide to modify the allocation of Funds within investment strategies. In these instances, we will place transactions in that Fund for all affected Program Accounts, which may cause that Fund to experience relatively large purchases or redemptions. Significant purchases and redemptions may adversely affect the Fund in question. A Fund experiencing redemptions may have to sell portfolio securities and a Fund receiving additional cash will have to invest that cash.

[83] *Fund-Specific Risks* – Each Fund is subject to its own particularized risks, any of which can adversely affect your Program Account's investment performance. These risks are described in each Fund's prospectus or other offering document.

[84] *Regulatory Risk* – The overall investment activities that we and our affiliates engage in may limit the investment opportunities for your Program Account in certain markets in which limitations are imposed by regulators upon the amount of investment by affiliated investors, in the aggregate or in individual issuers. From time to time, your Program Account's activities also may be restricted because of regulatory restrictions applicable to us and our affiliates, and/or our internal policies.

Disciplinary Information

[85] In the past, we have entered into certain settlements with our regulators and other third parties and have been the subject of adverse legal and disciplinary events. Below are summaries of certain events that may

be material to your decision of whether to retain us for your investment advisory needs. Please note that certain disclosures discuss disciplinary events associated with Banc of America Investment Services, Inc. ("BAI") and Banc of America Securities LLC ("BAS"). BAI merged with Merrill Lynch on October 23, 2009, and BAS merged with Merrill Lynch on November 1, 2010. In addition to the descriptions below, you can find additional information regarding these settlements in Part 1 of Merrill Lynch's Form ADV at www.adviserinfo.sec.gov.

[86] On June 21, 2012, Merrill Lynch, without admitting or denying the findings, entered into an AWC with FINRA related to the following five issues: (1) Merrill Lynch failed to have an adequate supervisory system to ensure that clients in certain investment advisory programs were billed in accordance with applicable contract and disclosure statements, and, as a result, overcharged certain client accounts unwarranted fees from April 2003 to December 2011; the client accounts impacted were less than 5% of Merrill Lynch's total advisory accounts, and the fees overcharged represented less than one-half of 1% (\$32,174,369) of the total advisory fees billed during that period; All impacted clients have been reimbursed; (2) between July 2006 and November 2010, Merrill Lynch failed to send contemporaneous and/or periodic trade confirmations to certain client accounts for ten investment advisory programs; (3) between 1992 and June 2011, Merrill Lynch did not include or accurately state whether Merrill Lynch acted as an agent or a principal on trade confirmations and account statements relating to certain mutual fund transactions; (4) between 2007 and 2010, Merrill Lynch, either directly or through third-party vendors, failed to deliver proxy materials to certain clients or to their designated investment advisers, and to have an adequate supervisory system to detect its failure to deliver proxies; the clients impacted constituted less than 1% of Merrill Lynch's clients during that period; and (5) between October 2001 and June 2010, Merrill Lynch failed to send margin risk disclosure statements and/or business continuity plans to certain clients upon the opening of their accounts; the clients impacted constituted less than 1% of Merrill Lynch's clients during that period. In determining the appropriate sanctions, FINRA considered Merrill Lynch's internal review through which it identified the violations, the remedial measures that Merrill Lynch took to correct its systems and procedures, and Merrill Lynch's efforts to provide remediation to affected clients. Merrill Lynch consented to the imposition of a censure and a fine of \$2.8 million.

[87] On October 4, 2011, Merrill Lynch entered into a consent agreement with FINRA regarding the following events. FINRA alleged that Merrill Lynch failed to have a supervisory system to ensure that all accounts in which an employee either had a financial interest or over which the employee had control were monitored and reviewed for potential misconduct. In addition, FINRA found that Merrill Lynch failed to establish, maintain and enforce written procedures to adequately supervise a registered representative who was subsequently found to have used a business account at the firm to implement a fraudulent scheme. Without admitting or denying the findings, Merrill Lynch consented to the entry of findings, a censure, and a fine of \$1,000,000.

[88] On June 6, 2009, the United States District Court for the Southern District of New York entered a judgment enjoining BAI and BAS from violating, directly or indirectly, Section 15(c) of the Exchange Act. The SEC had filed a complaint alleging that BAI and BAS misled customers regarding the fundamental nature and increasing risks associated with auction rate securities ("ARS") underwritten, marketed and sold by BAS and BAI and that by engaging in such conduct, BAI and BAS had violated Section 15(c) of the Exchange Act. Without admitting or denying the allegations, BAI and BAS entered into a consent, whereby they agreed to a series of undertakings designed to provide relief to "individual investors" (as defined in the

consent) including: (1) through their affiliate, offering to purchase at par from individual investors certain ARS; (2) agreeing to use reasonable efforts to identify individual investors who sold certain ARS below par, and to pay such investors the difference between par and the price at which they sold the securities; (3) agreeing to participate in a special arbitration process for the purpose of arbitrating any individual investor's consequential damage claim related to its investment in ARS; (4) agreeing to refund certain refinancing securities through the firms; and (5) undertaking to make their best efforts to work with issuers and other interested parties to seek to provide liquidity solutions for institutional investors that are not considered "individual investors." Two similar regulatory actions involving the marketing and sale of ARS occurred on January 10, 2012: (1) Merrill Lynch (as successor by merger to BAS and BAI, the "Respondents") agreed to a settlement with the Illinois Securities Department (the "Department"); and (2) Merrill Lynch agreed to a settlement with the North Carolina Department of the Secretary of State, Securities Division (the "Division"). In both actions, it was alleged that inappropriate marketing and sales of ARS occurred without adequately informing certain customers of the increased risks of illiquidity associated with ARS. Both the Department and the Division of the respective states alleged that, through the aforementioned conduct, there occurred dishonest and unethical practices in the offer and sale of securities and failure to supervise agents resulted. In the Illinois action, the Respondents agreed, among other things, to repurchase at par certain illiquid ARS held by certain clients of Merrill Lynch. Additionally, the Respondents agreed to pay a total fine of \$1,578,320.87 to the State of Illinois representing Illinois's portion of a total civil penalty of \$50,000,000 that will be distributed among the states and U.S. territories that enter into similar administrative or civil consent orders related to ARS. With respect to the North Carolina action, Merrill Lynch agreed, among other things, to repurchase at par certain illiquid ARS held by certain clients of Merrill Lynch. Additionally, Merrill Lynch agreed to pay a total fine of \$3,193,552.24 to the Division representing its portion of a total civil penalty of \$125,000,000 that will be distributed among the states and U.S. territories that enter into similar administrative or civil consent orders related to ARS.

[89] On March 11, 2009, the SEC issued an order against Merrill Lynch alleging that from 2002 to 2004, several Merrill Lynch retail brokers permitted day traders to hear confidential information regarding Merrill Lynch institutional customers' unexecuted orders as they were transmitted over Merrill Lynch's squawk box system. According to the SEC, Merrill Lynch lacked written policies or procedures to limit access to the equity squawk box, to track which employees had access to the equity squawk box or to monitor employees' use of the equity squawk box in violation of Section 15(f) of the Exchange Act and Section 204A of the Advisers Act. Without admitting or denying the SEC's findings, Merrill Lynch consented to the entry of the order that: (1) found violations of Section 15(f) of the Exchange Act and Section 204A of the Advisers Act for allegedly failing to maintain written policies and procedures reasonably designed to prevent the misuse of customer order information; (2) required that Merrill Lynch cease and desist from committing or causing any future violations of the provisions charged; (3) censured Merrill Lynch; (4) imposed a \$7,000,000 civil money penalty; and (5) required Merrill Lynch to comply with certain undertakings regarding the enhancement of certain policies and procedures.

[90] On January 30, 2009, the SEC issued an order against Merrill Lynch regarding the Merrill Lynch Consulting Services program and the offering of those services through a Florida branch office for a period of several years concluding in 2005. The Order found that material misrepresentations had been made and certain conflicts of interest not disclosed, and that Merrill Lynch had not maintained adequate records or reasonably supervised certain Florida investment advisory representatives. Without admitting or denying the non-jurisdictional findings thereof, Merrill Lynch

consented to a censure, to cease and desist from violations of sections 204 and 206(2) of the Advisers Act and Rule 204-2(a) (14) thereunder, and a fine of \$1,000,000. In accepting the settlement, the SEC noted the voluntary and significant remedial acts promptly undertaken by Merrill Lynch.

[91] On May 1, 2008, the SEC issued an administrative order in which it found that BAI had willfully violated Sections 17(a)(2) and 17(a)(3) of the Securities Act, Sections 206(2), 206(4) and 207 of the Advisers Act and Advisers Act Rule 206(4)-1(a)(5) for failing to disclose to clients that in selecting investments for discretionary mutual fund wrap fee accounts, it favored two mutual funds affiliated with BAI. In the Order the SEC also found that Columbia Management Advisors, LLC ("Columbia Management"), as successor in interest to Banc of America Capital Management, LLC willfully aided and abetted and caused BAI's violations of Sections 206(2) and 206(4) of the Advisers Act, and Advisers Act Rule 206(4)-1(a)(5). In the order, BAI and Columbia Management were censured and ordered to cease and desist from committing or causing such violations and future violations. In addition, BAI was ordered to pay disgorgement plus prejudgment interest in the aggregate amount of \$793,773.00 to certain entities specified in the Order, and a civil monetary penalty of \$2,000,000; and Columbia Management was ordered to pay disgorgement plus prejudgment interest in the aggregate amount of \$516,382 to certain entities specified in the Order, and a civil monetary penalty of \$1,000,000. BAI and Columbia Management consented to the Order without admitting or denying the SEC's findings. BAI also agreed to certain undertakings contained within the Order.

[92] On February 14, 2008, Merrill Lynch consented to an AWC issued by FINRA. FINRA alleged that from at least January 2001 until January 2006, as a result of certain operational and supervisory deficiencies Merrill Lynch failed to timely and consistently update the firm's record system relating to certain investment advisory and fee-based accounts. When clients change investment advisers or terminated enrollment in certain investment advisory or fee-based accounts, Merrill Lynch failed to consistently make changes in account proxy delivery addresses and/or remove traits that suppressed trade confirmation delivery in the firm's record systems. Additionally, Merrill Lynch failed to maintain written supervisory procedures and a reasonable system of follow-up and review with respect to such operational changes. Without admitting or denying the findings, Merrill Lynch consented to a censure and a fine of \$175,000.

[93] On March 4, 2005, Merrill Lynch entered into a consent order with the State of New Jersey Office of the Attorney General Department of Law and Public Safety and the New Jersey Bureau of Securities ("Attorney General"). The Attorney General alleged: (1) market timing conduct by three Merrill Lynch Financial Advisors engaged in market timing on behalf of their principal client, a hedge fund and that despite warnings from supervisors that they were violating Merrill Lynch's policies, the Financial Advisors continued to market time for the client until they were fired in October 2003, using among other things, multiple accounts and undisclosed agreements to conduct and disguise their trading; (2) that Merrill Lynch failed to adequately supervise certain activities in connection with the conduct described above including failure to keep adequate books and records in violation of the Exchange Act and New Jersey law; (3) the client entered into variable annuity contracts and certain other variable life insurance contracts with certain non-proprietary insurance carriers through the Financial Advisors to engage in short term trading in the investment sub-accounts of these products and although the client's reallocation instructions were relayed through the Financial Advisors to the insurance companies, Merrill Lynch gave no specific instruction to the Financial Advisors concerning the reallocation of the underlying sub-accounts of variable products; and (4) that Merrill Lynch

failed to adequately enforce its established policy prohibiting market timing. Without admitting or denying the findings in the order, Merrill Lynch agreed to pay a civil monetary penalty of \$10 million and to certain undertakings including implementation of new procedures to maintain, as a required book and record under New Jersey and federal securities laws, records of all client reallocation requests made through a Merrill Lynch employee that involve mutual funds held as sub-accounts of variable annuity products of outside insurance carriers.

[94] On February 9, 2005, pursuant to an offer of settlement by BAS in which it neither admitted nor denied the findings, the SEC issued an administrative order. The SEC found that from July 2000 through July 2003, BAS, Banc of America Capital Management, LLC ("BACAP") and BACAP Distributors, LLC ("BACAP Distributors") facilitated market timing and late trading by some introducing broker-dealers and a hedge fund at the expense of shareholders of Nations Funds and other mutual fund families, provided account management tools and other assistance, and enabled introducing broker-dealers to conceal their client's market timing activities from mutual funds. In the order, BAS was: (1) censured; (2) ordered to cease and desist from committing or causing any present or future violations of 17(a) of the Securities Act, 10(b), 15(c) and 17(a) of the Exchange Act and Rules 10b-5, 15c1-2, and 17a-4 thereunder and Rule 22c-1, as adopted under 22(c) of the Investment Company Act, and from causing any present or future violations of 34(b) of the Investment Company Act and 206(1) and 206(2) of the Advisers Act; (3) ordered to pay, jointly and severally with BACAP and BACAP Distributors \$250 million in disgorgement plus a civil monetary penalty of \$125 million. BAS also agreed to comply with certain undertakings including: (1) maintaining a compliance and ethics oversight infrastructure having, among other things, a code of ethics oversight committee, an internal compliance controls committee, a senior level compliance officer for conflicts of interest and a corporate ombudsman; (2) retaining an independent compliance consultant to, among other things, review compliance, supervisory and other policies and procedures and adopt such procedures; (3) undergoing third party compliance review every other year; and (4) retaining an independent distribution consultant.

[95] On April 28, 2003, as part of a joint settlement with the SEC, NYSE and NASD arising from a joint investigation by the SEC, NYSE and NASD into research analysts' conflicts of interest, Merrill Lynch, without admitting or denying the allegations of the complaint filed by the SEC, consented to the entry of a final judgment ("Final Judgment"). Pursuant to the settlement, which was entered on October 31, 2003 and modified on March 15, 2010, Merrill Lynch: (1) was permanently enjoined from violating Section 15(c) of the Exchange Act and Rule 15c1-2 thereunder, NASD Conduct Rules 2110, 2210 and 3010, and NYSE Rules 342, 401, 472 and 476; (2) was ordered to pay a penalty of \$100,000,000, which was deemed satisfied by prior payments to the states in a related proceeding; (3) was ordered to pay substantial amounts for third party research and investor education; and (4) was ordered to comply with certain additional undertakings. In a related disciplinary event, Merrill Lynch (as successor by merger to BAS) entered into an amended offer of settlement with the SEC on October 9, 2012. The settlement stems from an SEC Order dated March 14, 2007 against BAS (the "2007 BAS Order") claiming that BAS investment bankers inappropriately influenced equity research analysts, resulting in the publication of materially false and misleading research during the period of January 1999 through December 2001. The 2007 BAS Order censured BAS and ordered BAS to: (i) cease and desist from committing or causing any violations or future violations of Section 15(c) and 15(f) of the Exchange Act, and Rule 15c1-2(a); (ii) pay \$26 million in disgorgement and penalties into a fair fund for distribution to its affected customers; (iii) retain an independent consultant to conduct a comprehensive review of the firm's internal controls to prevent the misuse of material

nonpublic information concerning BAS research; (iv) certify to the SEC's staff in the second year following the issue of the 2007 BAS Order that BAS had established and continued to maintain Exchange Act Section 15(f) policies, practices, and procedures consistent with the findings of the 2007 BAS Order; and (v) comply with Addendum A to the 2007 BAS Order, which implemented certain structural changes to the operations of the firm's equity research and investment banking departments. In the Merrill Lynch action, the District Court, on March 15, 2010, modified Addendum A to the October 31, 2003 Final Judgment by, among other things, removing similar provisions that remained in Addendum A to the 2007 BAS Order. The 2007 BAS Order, which remains in effect and binding on Merrill Lynch (as successor by merger to BAS), was modified on October 9, 2012, to strike Addendum A and provide that Merrill Lynch analysts, including ex-BAS analysts, must comply with the Final Judgment.

Other Financial Industry Activities and Affiliations

- [96] Merrill Lynch, a wholly-owned subsidiary of Bank of America, is a leading global investment banking firm and a registered broker-dealer, investment adviser and futures commission merchant. In the United States, Merrill Lynch acts as a broker (i.e., agent) for corporate, institutional and governmental and private clients and as a dealer (i.e., principal) in the purchase and sale of corporate securities, primarily equity and debt securities traded on exchanges or in the over-the-counter markets. Merrill Lynch also acts as a broker and/or a dealer in the purchase and sale of mutual funds, money market instruments, government securities, high-yield bonds, municipal securities, financial futures contracts, and options. The futures business and foreign exchange activities are conducted through Merrill Lynch and other Affiliates. Merrill Lynch operates the firm's U.S. retail branch system, and also provides financing to clients, including margin lending and other extensions of credit as well as a wide variety of financial services, such as securities clearing, retirement services, and custodial services. As a registered adviser, Merrill Lynch completes a Form ADV, which contains additional information about itself, Bank of America and their Affiliates. Information is available through publicly available filings at the SEC or at www.adviserinfo.sec.gov.
- [97] For purposes of Form ADV Part 2, Merrill Lynch management persons include William C. Caccamise (CRD# 2547189), Gloria R. Greco (CRD# 4795234), Thomas K. Montag (CRD# 1474696), Michael B. Radest (CRD# 1687387), David C. Darnell (CRD# 4907306), Jennifer M. Hill (CRD# 2434363) and Joseph M. Nenichka (CRD# 1639260). In addition, Thomas J. Latta (CRD# 1696503), John R. Manetta (CRD# 2163095), James G. Russell (CRD# 1053157), Anil Suri (CRD# 2540257), Michael J. Walsh (CRD# 2138122), Christopher J. Wolfe (CRD# 2055127), Spencer Boggess (CRD# 4543091) and Alberto Cota (CRD# 3026635) are also considered management persons of Merrill Lynch as a result of their membership on the IMG Investment Committee. In the future, additional Merrill Lynch personnel may be considered management persons and, as such, may be registered, or have applications pending to register, as registered representatives and associated persons of Merrill Lynch to the extent necessary or appropriate to perform their job responsibilities.
- [98] ML&Co., a wholly-owned subsidiary of Bank of America, through its subsidiaries and affiliates, provides broker-dealer, investment banking, financing, wealth management, advisory, asset management, insurance, lending and related products and services on a global basis. These products and services include securities brokerage, trading and underwriting;

investment banking, strategic advisory services (including mergers and acquisitions) and other corporate finance activities; wealth management products and services including financial, retirement and generational planning; asset management and investment advisory and related record-keeping services; origination, brokerage, dealer and related activities in swaps, options, forwards, exchange-traded futures, other derivatives, commodities and foreign exchange products; securities clearance, settlement financing services and prime brokerage; private equity and other principal investing activities; proprietary trading of securities, derivatives and loans; banking, trust and lending services, including deposit-taking, consumer and commercial lending, including mortgage loans, and related services; insurance and annuities sales and research across the following disciplines: global equity strategy and economics, global fixed income and equity-linked research, global fundamental equity research, and global wealth management strategy. Bank of America is subject to the reporting requirements of the Exchange Act and additional information about Bank of America can be found in publicly available filings with the SEC.

- [99] We, through our Financial Advisors, may suggest or recommend that clients, including clients of the MFA Program, use our securities account, execution and custody or other services, or such services of an affiliate. Similarly, Financial Advisors, who also handle clients' brokerage accounts, may suggest or recommend that clients purchase our products or products of an affiliate. Where Merrill Lynch's or our affiliate's services are used or products are purchased by clients, we and our affiliates will receive fees and compensation. Financial Advisors may, as permitted by applicable law, receive compensation (the amount of which may vary) in connection with these products and services.
- [100] The investment adviser(s) for the BofA Funds are Related Companies. Program Accounts may be invested in these Related Funds. We may receive compensation when you invest in shares of these funds in a Program Account. We potentially benefit from our economic interest in Related Companies and our relationship with Bank of America whenever such entities or their affiliates receive compensation for providing investment advisory, administrative, transfer agency, distribution or other services to their Related Funds or other investment products. The extent of this benefit may be greater than when we or our affiliates do not have an economic interest in the firm providing such services. As a result, we may benefit from increased sales of Funds and other investment products of Related Companies and Bank of America affiliates for you to a greater extent than from increased sales of funds or investment products sponsored by other firms in which we and our affiliates do not have a similar economic interest or relationship.
- [101] From time to time, Merrill Lynch may enter into distribution agreements with one or more investment managers pursuant to which Merrill Lynch distributes certain products and services sponsored or advised by the investment manager. Some of these agreements include arrangements with investment managers who are former Related Companies such as BlackRock and Columbia Management. An executive officer of Merrill Lynch serves on the board of directors of BlackRock. Consistent with applicable laws, management and employees of BlackRock and Bank of America affiliates may be provided a broader level of access and exposure to Merrill Lynch, our management, Financial Advisors and other personnel, marketing events and materials, and client-related and other information. Such access and exposure may not be available to other investment managers and may enhance the ability of BlackRock and Bank of America affiliates to distribute their funds and other investment products through us. Merrill Lynch may have a conflict of interest when considering whether to recommend that clients purchase or sell shares of

BlackRock or other BlackRock products and may benefit from increased sales of such Funds/products to a greater extent than from increased sales of Funds/products sponsored by other firms.

[102] Each of the Related Funds pays investment management fees to its investment adviser (which are considered in the Credit Amount) and, like Unrelated Funds, incurs other expenses. The current annual rates of investment management fees paid by the BofA funds to a Bank of America affiliate range from 0.20% to 0.25% of average daily net assets and are described in each Fund's prospectus.

[103] We address these conflicts through disclosure in this Brochure. Moreover, our Financial Advisors are required to recommend investment advisory program, investment products and securities that are suitable for each client based upon the client's investment objectives, risk tolerance and financial situation and needs. In addition, we have established a variety of restrictions, procedures and disclosures designed to address potential conflicts of interest – both those arising between and among Program Accounts as well as between Program Accounts and our business.

[104] We do not recommend or select other investment advisers in connection with the MFA Program.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

CODE OF ETHICS

[105] We have adopted an Investment Adviser Code of Ethics (the "Code of Ethics") covering our personnel who are involved in the operation and offering of investment advisory services. The Code of Ethics is based on the principle that clients' interests come first, and requires employees to meet the high standards that we follow in conducting our business with integrity and professionalism. The Code of Ethics covers such topics as:

- The requirement that all employees comply with all applicable securities and related laws and regulations;
- The reporting and clearance of employee personal trading;
- The prevention of misuse of material non-public information; and
- The obligation to report possible violations of the Code of Ethics to management or other appropriate personnel.

[106] All covered personnel must certify receipt of the Code of Ethics. We will provide a copy of the Code of Ethics to you upon request.

[107] We also have imposed policy restrictions on all personnel regarding transactions for their own accounts and accounts over which they have control or a beneficial interest. In addition, we have special policies requiring certain personnel obtain specific approval of their securities transactions and have implemented procedures for monitoring these transactions as well as those of all employees.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

[108] In the United States, Merrill Lynch acts as a broker (i.e., agent) for corporate, institutional and governmental and private clients and as a dealer (i.e., principal) in the purchase and sale of corporate securities, primarily equity and debt securities traded on exchanges or in the over-the-counter markets. We also act as a broker and/or dealer in

the purchase and sale of mutual funds, money market instruments, government securities, high-yield bonds, municipal securities, financial futures contracts and options. We and other affiliates also conduct the futures business and foreign exchange activities. We operate the firm's U.S. retail branch system, and also provide financing to clients, including margin lending and other extensions of credit as well as a wide variety of financial services, such as securities clearing, retirement services and custodial services. As a result of the involvement in multiple business activities, we and our employees may have interests unrelated to managing Program Accounts in the MFA Program which may give rise to potential conflicts of interest, including those discussed below. This discussion does not seek to identify all actual or potential conflicts. Information about certain additional conflicts are described throughout this Brochure and in many of the contracts and offering documents that govern the specific products and services we offer.

[109] We and our affiliates and employees benefit from the compensation paid to us by you and other clients in the MFA Program. Our Financial Advisors or other employees who introduce clients to the MFA Program and provide ongoing services to these clients receive compensation in connection with the MFA Program.

[110] With certain limited exceptions, each Fund or its respective principal underwriter or other agent has entered into an agreement with us, pursuant to which we have agreed to perform sub-accounting and related services (including recordkeeping, processing, reporting and dividend reinvestment services) with respect to shareholders of these Funds who maintain their shares in a Merrill Lynch securities account (including clients in the MFA Program). Service Fees vary by Fund, and the aggregate amount of Service Fees received by us with respect to each client's investment in Funds will depend on the number of Funds in the Program Account and the value of the client's assets invested in such Funds. Service Fees are not paid directly by the client, but are either borne by the Fund itself, like other Fund expenses, or by the Fund's principal underwriter or other agent. If the Program Account is a Retirement Account, the Service Fees paid to us with respect to any particular Fund in the Program Account is at the annual rate of 0.10% of the value of the investment in such Fund.

[111] In addition to Service Fees, we or our affiliates receive fees paid by certain ETFs or similar product sponsors or their affiliates for licensing or other arrangements. These fees, which are typically calculated as a percentage of the assets of the ETF or similar product, are not generally borne by the fund, but are instead paid directly from the sponsor or its affiliate to us or our affiliates.

[112] The investment advisers for the BofA Funds are Related Companies of Merrill Lynch and Program Accounts may be invested in such Related Funds. Each of the Related Funds pays investment management fees to its investment adviser (which are considered in the Credit Amount) and, like Unrelated Funds, incurs other expenses. The current annual rates of investment management fees paid by the BofA funds to a Bank of America affiliate range from 0.20% to 0.25% of average daily net assets and are described in each Fund's prospectus. In addition, we and/or our affiliates receive Rule 12b-1 fees with respect to shares of certain money market funds, as well as BofA Funds in which a Program Account (other than Retirement Account investments in Related Money Market Funds) may be invested, and which are used in calculating the Credit Amount. We and our affiliates also may provide other services to the Related Funds for compensation (which is not considered in the Credit Amount), such as transfer agency, administrative, accounting and printing services. These fees (as well as Fund expenses) will vary among the Related Funds as

described in the Funds' prospectuses, including their statements of additional information and are in addition to the Program Fees. Solely with respect to Program Accounts that are Retirement Accounts, and that are invested in a Related Fund, the Fund may pay to a Merrill Lynch affiliate transfer agency or sub-accounting fees at an annual rate that is no greater than 0.10% of the investment in the Fund.

- [113] As indicated above, if you select any of the BlackRock Strategies, the Program Account will be invested solely in shares of BlackRock Funds, including BlackRock money market funds. BlackRock will provide investment advice to us to assist in the management of Program Accounts invested in the BlackRock Strategies at no additional expense to you. BlackRock's advice will relate to asset allocation and fund selection. (See section entitled *Investment Selection in the MFA Program*). Since BlackRock advises all the funds included in the BlackRock Strategies, BlackRock may be faced with a potential conflict of interest in recommending particular BlackRock Funds. However, BlackRock has confirmed to us that such potential conflicts of interest will not affect its investment advice. In addition, the selection of one of the BlackRock Strategies will result in the receipt of greater aggregate compensation for us and our affiliates than if you had selected another strategy.
- [114] We also have arrangements with certain Funds or their principal underwriters or other agents, pursuant to which we may receive or have received certain additional compensation from these Funds or principal underwriters or other agents ("Additional Compensation"). This Additional Compensation may be based upon the length of time our customers remain invested in these Funds or gross sales of Fund shares by Merrill Lynch. Solely with respect to assets in Retirement Accounts, we have undertaken that it will not accept any Additional Compensation in connection with assets in these Program Accounts.
- [115] In some cases, we may receive or have received certain payments from Unrelated Fund sponsors (or Related Fund sponsors before the funds became Related Funds) or their affiliates in connection with us becoming a selling agent for the shares of these Funds.
- [116] Certain of the Funds, including Related Funds, may utilize us and our affiliates for brokerage and related services and will pay us for these services, subject to any applicable legal requirements.
- [117] Outside of MFA, we may recommend that our MFA clients, including those with Program Accounts, invest in a variety of limited partnerships and limited liability companies, for which certain of our affiliates may act as general partners or managing members. The investments of the limited partnerships may vary but include, without limitation, securities, real estate and futures.
- [118] In effecting transactions on behalf of clients, including those clients receiving advisory services, we or an affiliate may act as agent for its own account, as permitted by applicable law. Similarly, we or an affiliate may, in transactions involving such clients' securities, act as agent while also representing another client on the other side of the transaction. We and our affiliates may profit from these positions or transactions in securities.
- [119] If cash balances held in the Program Accounts are deposited in the Merrill Lynch Bank Deposit Program, Insured Savings Account Program or Retirement Assets Savings Program, the cash will be placed in an account bearing a reasonable rate of interest and the participating depository institution will benefit from its use of the deposits, and Merrill Lynch and its affiliate will receive compensation from the participating depository institution, including any Merrill Lynch Bank. Unless waived

under applicable law, this compensation will be in addition to, and will not reduce, the Program Account fees. This compensation will also not be considered in the Credit Amount. The terms of the Merrill Lynch Bank Deposit Program, Insured Savings Account Program and Retirement Assets Savings Program or any other bank deposit program, as applicable, are described in the disclosures that you received in connection with the underlying Merrill Lynch securities account for your Program Account, and are also available from your Financial Advisor.

- [120] As a registered broker-dealer, we may also benefit from the possession or use of any free credit balances in client accounts, including Program Accounts, subject to the restrictions imposed by Rule 15c3-3 under the Exchange Act.

LOANS AND COLLATERAL

- [121] Where your Program Account assets are "pledged" or otherwise used as collateral in connection with any Lending Program, the lender may exercise certain rights and powers over the assets in the Program Account, including the disposition and sale of any and all assets pledged as collateral for the loan, which may be contrary to your interests and the investment objective of your Program Account. In particular, securities (including concentrated positions) may be liquidated from your Program Account without prior notice to you or your Financial Advisor, resulting in adverse tax and other consequences. In some instances, you, your Financial Advisor or your selected Fund may not be entitled to choose which securities are to be liquidated. In addition, in any Lending Program for which we or our affiliate serve as the lender, we or our affiliate, as lender, may exercise the same rights and powers as a lender that is not also acting as an investment adviser or fiduciary over the assets held in your Program Account. Any recommendation to participate in a Lending Program, as well as the related compensation that we or our affiliate may receive in connection with any such loan, could create conflicts of interests between you and us or, if applicable, our affiliate. For instance, such recommendation to participate in a Lending Program could result in a circumstance in which your selected Fund is required to liquidate securities they would otherwise not sell, and which may not otherwise be in your best interests to sell, to satisfy a collateral call in the Program Account. Your selected Fund will seek to manage your Program Account as agreed to between you and your selected Fund, provided that, if a collateral call takes place, your selected Fund may not be able to manage your Account consistent with their overall strategy. Any action taken by us, or an affiliate, against the assets held in your Program Account pursuant to the loan documents will not constitute a breach of our fiduciary duties as an investment adviser to you under the Client Agreement. Furthermore, the costs associated with such an arrangement are not included in your MFA fees and may result in additional compensation to us, our affiliate and our Financial Advisor. We address these conflicts through disclosure in this Brochure.

INVESTMENT IN SECURITIES BY MERRILL LYNCH AND OUR PERSONNEL

- [122] We and our affiliates act in a variety of capacities to a wide range of clients. From time to time in the course of those duties, confidential information may be acquired that cannot be divulged or acted upon for advisory or other clients. Similarly, we may give advice or take action with regard to certain clients, including MFA Program clients, which may differ from that given or taken with regard to other clients. This includes the advice given or actions taken with respect to certain securities, Funds or investment managers. In some instances, the actions taken by affiliates with respect to similar services and programs may conflict with the

actions taken by us. This is due to, among other things, the differing nature of the affiliate's investment advisory service and differing processes and criteria upon which determinations are made.

- [123] Investment management decisions in the MFA Program are based on a number of factors. There may be occasions where the IMG provides a favorable analysis of a particular mutual fund but does not include the fund within a Program Account. In addition, certain Funds may have conditions or restrictions regarding the purchase or holding of Fund shares, including minimum purchase requirements and fees for redemption of shares within a specified period of time, which may affect our decision to purchase such shares for a Program Account. More complete information about any of the Funds, including management fees and other charges and expenses, is contained in the Fund's prospectus. You should read the respective prospectuses carefully before making an investment.
- [124] IMG may share its analyses of Funds with Financial Advisors and others within Merrill Lynch or our affiliates. In certain cases, this may precede the implementation of investment management decisions in Program Accounts. Financial Advisors may consider such analyses in connection with services provided to brokerage and other customers who are not clients participating in the MFA Program. Because of the nature of mutual funds and the fact that shares are purchased or redeemed at the next determined net asset value, we believe that providing IMG analyses to others within Merrill Lynch or our affiliates should not disadvantage MFA Program clients.
- [125] In addition, we or our affiliates may have a position in or enter into "proprietary" transactions in securities purchased or sold for clients in the normal course of its business as a broker-dealer. We or our affiliates may benefit from those securities positions or transactions.
- [126] We address these conflicts through disclosure in this Brochure. Moreover, our Financial Advisors are required to recommend investment advisory programs, investment products and securities that are suitable for you based upon your investment objectives, risk tolerance and financial situation and needs. In addition, we have established a variety of restrictions, procedures and disclosures designed to address potential conflicts of interest – both those arising between and among Program Accounts as well as between Program Accounts and our business. For example, our personnel also are subject to personal trading restrictions as detailed in its policies and procedures and Code of Ethics. These policies and procedures and the Code of Ethics require our Financial Advisors to pre-approval of certain securities transactions, disclose his or her investment accounts, provide an annual holdings report, and provide a quarterly transaction report.

Brokerage Practices

- [127] Transactions in the Program Accounts are effected by us or an affiliate. Through your client agreement, you have directed us as agent to use our (or an affiliate's) own execution services to purchase, exchange and redeem Fund shares for the Program Account and to take any other necessary action to manage for the Program Account, including the completion and settlement of transactions in the Program Account, according to the your instructions. We have an agreement with the principal underwriter or distribution coordinator of each Fund, which authorizes us to sell shares of the Fund to clients and/or take purchase orders for the Fund through the MFA Program. Not all investment advisers require their clients to direct brokerage. We and our affiliates will not receive any

commissions, sales charges or other compensation in connection with the sale of Fund shares, other than as described in your client agreement and this Brochure. For more information about the compensation we, our affiliates and employees receive in connection with the MFA Program and the associated conflicts, please refer to the section entitled *Participation or Interest in Client Transactions*.

- [128] Mutual fund orders related to the management of the Program Accounts may be combined with other mutual fund purchases and sales across our platform for purposes of submitting consolidated purchase or redemption requests to the relevant transfer agent for each Fund. We purchase and redeem all Fund shares for the Program Account at net asset value without the imposition of any front-end or contingent deferred sales charges.
- [129] We seek to effect transactions correctly, promptly and in the best interests of clients. In the event an error occurs in our handling of client transactions, we seek to identify and correct any errors as promptly as possible without disadvantaging the client. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the client. In general, in instances where we are responsible for effecting the transaction, we may: (i) reimburse clients for any losses directly resulting from trade errors; (ii) credit to the client any profits directly resulting from such trade errors that are corrected after the settlement of the transaction; or (iii) retain any profits directly resulting from such trade errors that are corrected prior to the settlement of the transaction.

Review of Accounts

- [130] IMG reviews the investment strategies offered in the Program and will buy or sell Funds within the strategies to realign the strategy with the target asset allocation. IMG will also buy, sell and replace specific Funds based on its ongoing analysis of the Funds. BlackRock reviews the investment strategies and Funds for the BlackRock Strategies.
- [131] Your Financial Advisor is available to review your Program Account upon request, but no specific factor will trigger a review of your Program Account. We advise you to review your Program Account and the performance of your investments. Any review we perform does not substitute for your continued review of your Program Account.

CLIENT REPORTS

- [132] For your MFA Program Account, we will send, among other things, the following reports and Fund information:
- Periodic written performance reports;
 - Copy of the prospectus of each Fund in your Program Account to the extent required by law; and
 - Year-end tax reporting statements (for non-Retirement Accounts).
- [133] Through the Profiling Questionnaire or other written request, you may elect not to receive confirmation of transactions for the Program Account(s) on a trade-by-trade basis, except as required by rule or regulation, and, in lieu thereof, receive a periodic statement that will be furnished to you not less frequently than quarterly and that will contain the same information that would be included in the trade-by-trade confirmation for each transaction. Your initial direction in the Profiling Questionnaire regarding receipt of trade-by-trade confirmations will apply to all of the Program Account(s) in the MFA Program, until you change such direction. Your election to receive periodic statements in lieu

of trade-by-trade confirmations is entirely optional and: (i) will not affect the calculation of or amount of the Program Fees; (ii) is not a condition to entering into or continuing participation in the MFA Program; and (iii) you may rescind your election at any time by written notice to us with respect to any Program Account.

[134] You may request, and we will provide at no additional cost, an interim update and further details concerning any transaction effected between periodic statements either by calling your Financial Advisor or, where you are enrolled in MyMerrill by checking your account on MyMerrill. If you elect to receive periodic statements in lieu of trade-by-trade confirmations, you may later choose to receive, and we will provide to you at no additional cost, any confirmations for transactions effected for up to a one-year period preceding your last periodic statement and trade-by-trade confirmations for all subsequent transactions. In addition, please be advised that supplemental descriptive account reports may be available through separate exhibits, about which you should speak with your Financial Advisor.

Client Referrals and Other Compensation

COMPENSATION FOR CLIENT REFERRALS

[135] We have entered into solicitation arrangements with certain third party entities to refer prospective clients to us ("Solicitors"). Generally, the fees paid to Solicitors will be paid from investment advisory fees received and retained by us relating to your Program Account. This fee will generally be a percentage of the investment advisory fee ordinarily credited to your Financial Advisor for the applicable account. We will pay this fee to the Solicitor from the date you establish an account in the applicable program for as long as your Program Account remains enrolled in program and the agreement between us and the Solicitor is effective. If we terminate the agreement with the Solicitor for certain reasons, we may continue to pay the Solicitor for a period of time after termination. We will not increase the fees payable by you as a result of our payments to the Solicitor. The fees we charge will not be higher than our usual fees because of the payments to the Solicitor.

[136] Employees of Merrill Lynch may refer advisory clients to Bank of America, N.A., including its private bank, U.S. Trust, Bank of America Private Wealth Management, and its affiliates for products and services. Similarly, employees of the Bank of America, N.A. and other affiliates may refer clients to Merrill Lynch for brokerage or advisory services. These referrals may involve the payment of referral fees between Merrill Lynch and Bank of America, N.A. or its affiliates.

OTHER COMPENSATION

[137] Certain of the Funds, including Related Funds, or their principal underwriters or other agents, reimburse us to cover various costs arising from sales and marketing materials, client and prospective client meetings, or educational and training meetings held with Financial Advisors and our other personnel relating to the MFA Program and asset management. These Funds or their principal underwriter or other agents may also participate in other conferences and seminars unrelated to the MFA Program but sponsored by us and may reimburse us to cover costs of those conferences and seminars. The Funds' principal underwriters, investment managers or other agents may also make charitable contributions in connection with our sponsored or client-related events. This may create an incentive for us or your Financial Advisors to recommend certain Funds to Program Accounts.

[138] In some cases, we may receive or have received certain payments from Unrelated Fund sponsors (or Related Fund sponsors before the funds became Related Funds) or their affiliates in connection with us becoming a selling agent for the shares of these Funds. This may create a potential conflict for us and our Financial Advisors to recommend these Funds to the Program Accounts.

[139] We address these conflicts through disclosure in this Brochure. Our Financial Advisors are required to recommend investment advisory programs, investment products and securities that are suitable for each client based upon the client's investment objectives, risk tolerance and financial situation and needs.

Custody

[140] Program Accounts generally will be custodied with us in our capacity as a broker-dealer and qualified custodian. You may custody your Program Account at another broker-dealer with our written consent. If your Program Account is custodied with us, we will provide you with periodic account statements (no less frequently than quarterly). You should carefully review those statements. In addition, you will receive periodic written performance reports as part of the MFA Program.

[141] If your Program Account is not custodied with us, you are urged to compare the account statements you receive from us with the performance reports relating to your Program Account, and to contact your Financial Advisor with any questions.

Investment Discretion

[142] To participate in the MFA Program, you must enter into an investment advisory agreement with us in which, among other things, you grant us the discretionary authority to make purchases, exchanges and redemptions of Fund shares. This discretionary authority generally includes the determination of which Fund shares and the total amount to be bought, exchanged or redeemed without obtaining your specific consent before a transaction is effected. You are also required to open and fund a Merrill Lynch CMA®, RCMA® or other securities account at Merrill Lynch to facilitate participation in the MFA Program.

[143] As discussed above, you may place reasonable restrictions on the management of your Program Account, including instructing us to refrain from investing in certain Funds that are then eligible for purchase in the MFA Program. Again, any such restriction will not apply to any of the underlying security holdings within a Fund.

Voting Client Securities

[144] We will not vote or advise you about the voting of proxies for the securities held in your Program Account. Similarly, we will not act for or advise you regarding legal proceedings, including bankruptcies or class actions, involving securities held in your Program Account. Any information or documents received for distribution to clients with regard to the above will be sent to you. We also will promptly send to you all proxies and related shareholder communications for the securities held in your Program Account. If your Program Account is subject to the provisions of ERISA, you represent that plan documents and applicable law authorize voting

authority to be reserved to the trustee(s) either in the discretion of the trustee(s) or pursuant to the discretion of a named fiduciary. To the extent that instructions regarding the voting of proxies are not received and as permitted by law, we will comply with the rules of the New York Stock Exchange and the SEC relating to such matters.

Financial Information

[145] Not applicable

Glossary

[146] “Additional Compensation” means certain additional compensation Merrill Lynch may receive or have received from certain Funds or principal underwriters or other agents.

[147] “Advisers Act” means the Investment Advisers Act of 1940, as amended.

[148] “AIPS” means the Merrill Lynch Automated Investment Program.

[149] “AWC” means a FINRA letter of acceptance, waiver and consent.

[150] “BAI” means Banc of America Investment Services, Inc.

[151] “Bank of America” means Bank of America Corporation.

[152] “BAS” means Banc of America Securities LLC.

[153] “BlackRock” means BlackRock, Inc. and its affiliates.

[154] “BlackRock Funds” means Funds sponsored, managed and/or distributed by BlackRock and its affiliates.

[155] “BlackRock Strategies” means investment strategies in which the assets in a client’s Program Account will be invested only in shares of Funds advised by BlackRock.

[156] “BoFA Funds” means certain Funds sponsored, managed and/or distributed by BoFA™ Global Capital Management Group, LLC.

[157] “Brochure” means the Merrill Lynch program brochure relating to the Merrill Lynch Mutual Fund Advisor Program, as amended or updated from time to time. The Brochure is also known as the Disclosure Statement.

[158] “CDSC” means a contingent deferred sales charge.

[159] “Code of Ethics” means Merrill Lynch’s Investment Adviser Code of Ethics.

[160] “Columbia Management” means Columbia Management Advisors, LLC.

[161] “Contributed BlackRock Fund Shares” means any class of shares of BlackRock Funds except Class B shares unless otherwise permitted.

[162] “Consent” means a letter of acceptance, waiver and consent.

[163] “Credit Amount” means a credit amount that the Program Fees deduct from the maximum gross program fee rate.

[164] “Disclosure Statement” means the Merrill Lynch program brochure relating to the Merrill Lynch Mutual Fund Advisor Program, as amended or updated from time to time. The Disclosure Statement is also known as the Brochure.

[165] “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

[166] “ERISA Plan” means a plan subject to the fiduciary responsibility provisions of ERISA or any other entity deemed to hold assets of such a plan.

[167] “Exchange Act” means the Securities Exchange Act of 1934, as amended.

[168] “ETF” means exchange traded fund.

[169] “Financial Advisor” means your Merrill Lynch Financial Advisor or, for certain clients, a representative of the Merrill Edge Advisory Center.

[170] “FINRA” means the Financial Industry Regulatory Authority, Inc.

[171] “Funds” means Related Funds and Unrelated Funds offered through the MFA Program.

[172] “Initial Allocation Date” means the date when Merrill Lynch first allocates client assets among the Funds according to the MFA Program client agreement.

[173] “IMG” means the Investment Management & Guidance group of Merrill Lynch.

[174] “Investment Company Act” means the Investment Company Act of 1940, as amended.

[175] “Merrill Lynch,” “we” or “us” means Merrill Lynch, Pierce, Fenner & Smith Incorporated.

[176] “MFA Investment Strategy Profile” or “Profile” means the profile that clients review regarding each investment strategy and its investment approach and which details certain composite account performance results (if available).

[177] “MFA Program” means the Merrill Lynch Mutual Fund Advisor Program.

[178] “MFA Shares” means Funds held through the MFA Program.

[179] “ML&Co.” means Merrill Lynch & Co., Inc.

[180] “Monthly Portfolio Appraisal Date” means the last Friday of each month, but the last business day of December.

[181] “Non-Rule 12b-1 Shares” means shares of BlackRock Funds not subject to Rule 12b-1 fees.

[182] “Other Securities” means securities that are not eligible Fund shares.

[183] “Order” means an order issued by the SEC.

[184] “Program” means the Merrill Lynch Mutual Fund Advisor Program.

[185] “Program Accounts” means accounts enrolled in the Program.

[186] “Program Fees” means the annual asset-based fee, payable quarterly in advance, that a client pays which covers the investment advisory services, transactions in Program Accounts and custody of assets in such accounts provided by Merrill Lynch.

[187] “Related Company” means a company that is an affiliate of Merrill Lynch or in which Merrill Lynch or an affiliate of Merrill Lynch has a material ownership interest. BlackRock is not considered a Related Company.

[188] “Related Fund” means a mutual fund, including money market mutual funds, advised by Merrill Lynch, its affiliates, or a Related Company.

[189] “Related Money Market Fund” means a registered money market fund managed by Merrill Lynch or a Related Company.

[190] "Retirement Accounts" means an ERISA Plan, a U.S. tax-qualified plan of self-employed persons, a U.S. individual retirement account, or any other plan, arrangement or entity subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended.

[191] "Rule 12b-1 Fees" means fees paid pursuant to a plan adopted under Rule 12b-1 under the Investment Company Act of 1940, as amended.

[192] "Rule 12b-1 Shares" means shares of BlackRock Funds subject to Rule 12b-1 fees.

[193] "SAI" means Statement of Additional Information.

[194] "SEC" means the U.S. Securities and Exchange Commission.

[195] "Securities Act" means the Securities Act of 1933, as amended.

[196] "Service Fees" include, but are not limited to including underlying investment management fees, Rule 12b-1 fees, and shareholder subaccounting or related service fees, including recordkeeping, processing, reporting and dividend reinvestment services.

[197] "Solicitors" means third party entities that Merrill Lynch has entered into solicitation agreements with to refer prospective investment advisory clients to Merrill Lynch.

[198] "UITs" means unit investment trusts.

[199] "UMA" means the Merrill Lynch Unified Managed Account program.

[200] "Unrelated Fund" means a mutual fund that is not advised by Merrill Lynch, its affiliates or a Related Company, and is selected by Merrill Lynch for inclusion in the MFA Program, including money market mutual funds.

[201] "Unrelated Money Market Fund" means a registered money market fund that is not managed by Merrill Lynch or a Related Company.

[202] "401(k) plans" means retirement savings accounts subject to section 401(k) of the U.S. Internal Revenue Code of 1986, as amended.

[203] "403(b) Plans" means accounts subject to section 403(b)(7) of the U.S. Internal Revenue Code of 1986, as amended.

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