

Model Market Center[®] Disclosure Brochure

FORM ADV, PART 2

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December 15, 2017

This brochure provides prospective clients with information about TD Ameritrade, Inc. ("TD Ameritrade") that should be considered before or at the time of participating in the TD Ameritrade Institutional Model Market Center program. If you have any questions about the contents of this brochure, please contact us at 800-400-6288, Option 3, then 4. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about TD Ameritrade, Inc. is also available on the SEC's website at adviserinfo.sec.gov. The IARD/CRD number for TD Ameritrade is CRD # 7870.

TD Ameritrade Institutional is a division of TD Ameritrade, Inc. TD Ameritrade is registered with the United States Securities and Exchange Commission as a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

IMPORTANT INFORMATION IS CONTAINED THROUGHOUT THIS DISCLOSURE DOCUMENT. PLEASE READ IT CAREFULLY IN ITS ENTIRETY, AND BE CERTAIN TO ASK YOUR TD AMERITRADE RELATIONSHIP MANAGER IF YOU HAVE ANY QUESTIONS. YOU MAY NOT PARTICIPATE IN THE MODEL MARKET CENTER PROGRAM UNTIL YOU EXECUTE MODEL MARKET CENTER PROGRAM TERMS AND CONDITIONS WHEREIN YOU ACKNOWLEDGE THAT, AMONG OTHER THINGS, YOU HAVE READ AND UNDERSTAND THIS DISCLOSURE STATEMENT.



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Advisory Business

TD Ameritrade, member FINRA/SIPC, provides custody, brokerage, and other financial services to independent financial advisors and their clients. TD Ameritrade Institutional is a division of TD Ameritrade. TD Ameritrade is a subsidiary of TD Ameritrade Online Holdings Corp., which is a wholly owned subsidiary of TD Ameritrade Holding Corporation. TD Ameritrade is a registered broker-dealer that principally provides discount brokerage services. Approximately 100% of TD Ameritrade's business is derived from brokerage and related services. TD Ameritrade client accounts are carried on a fully disclosed basis by its affiliate, TD Ameritrade Clearing, Inc., and clients are charged discount brokerage commissions.

TD Ameritrade has been registered with the Securities and Exchange Commission since August 22, 2001. **For additional information about TD Ameritrade, see response below at "Other Financial Industry Activities and Affiliations."**

OVERVIEW OF MODEL MARKET CENTER® ("MMC")

MMC is a TD Ameritrade technology product available, subject to certain terms and conditions, to independent investment advisors ("Advisors") that custody assets at TD Ameritrade and use the iRebal® on Veo® system for account rebalancing and trading. The MMC provides Advisors with access to asset allocation models provided by unaffiliated third-party Investment Managers ("Manager" or "Managers"). Advisors that agree to MMC terms and conditions will obtain access to the full list of MMC asset allocation models and can use these models as third-party research in managing their investment advisory client accounts.

Advisors can independently subscribe to any third-party model. After subscribing to a third-party model, the model becomes available in the Advisor's iRebal on Veo environment. When Managers make updates or changes to model allocations, the allocation changes are made available to Advisors via iRebal on Veo in a near real-time data transfer.

The MMC is not a dual contract or overlay portfolio management program. There are no MMC-related legal agreements between MMC clients and Managers, or between clients and TD Ameritrade Institutional. Client agreements for the provision of advisory services are made between clients and each of their Advisors.

Advisors are fiduciaries to their clients and are responsible for determining the initial and ongoing appropriateness of the program, and of the suitability of the model, the asset allocations, and the account investments for each client. MMC models are intended to be used as research tools and Advisors are solely responsible for the decision as to whether to rely on such models. TD Ameritrade does not determine whether a model is suitable for a client, nor does TD Ameritrade determine if model allocations, or the assets classes or investments used are suitable for individual MMC clients. TD Ameritrade does not determine or provide advice or recommendations relating to the model allocations nor influence or have responsibility for the fees, expenses, or costs related to any model allocations.

Managers use the iRebal on Veo platform to enter their model allocations as well as other information about their model (including, but not limited to asset class, performance, contact information, and marketing material). TD Ameritrade does not review or verify the accuracy or adequacy of information regarding Managers' MMC model allocations. Each Manager is solely responsible for the accuracy and completeness of the information it makes available on the MMC platform regarding its model allocations and related information. Managers agree to enter accurate information and such information is displayed to Advisors participating in the MMC program. The MMC program

does not impose a minimum account balance nor does it impose a minimum for Advisor assets under management ("AUM") for program participation. TD Ameritrade may modify or waive MMC participation criteria for Managers on a case-by-case basis.

TD Ameritrade, through the MMC program, does not calculate nor make available client or Advisor performance. The MMC is not obligated to provide clients with any information about the MMC or the asset allocation models available through the program. Any such information is the responsibility of Advisors, and Advisors, in consultation with their legal and compliance resources, should determine whether or not they are obligated to disclose any research models used or referred to when allocating client accounts.

Neither the Advisors nor Managers participating in the MMC are employees or agents of TD Ameritrade, nor are they affiliated, controlled by, or under common control or ownership with TD Ameritrade or any of its affiliates. Each Advisor and Manager participating in MMC is a separate, independent business. Any contrary representation by an Advisor or Manager, either orally or written, is unauthorized and does not in any way alter the relationship between the Advisor, or the Manager, and TD Ameritrade.

Minimum Eligibility Requirements

To participate in MMC, a Manager must meet the current minimum eligibility criteria described below (as well as any additional criteria that TD Ameritrade may require from time to time). TD Ameritrade may, without notice, modify the eligibility criteria for MMC program participation at any time or waive Manager participation criteria on a case-by-case basis. TD Ameritrade does not monitor Managers' performance.

Participating Managers generally must meet the following criteria:

- 1. Education and Investment Experience.** Representatives/employees of the Manager that perform investment advisory functions related to the Manager's MMC participation have at least one of the following:
 - A minimum of 10 years of experience managing money and investments as a primary occupation; or
 - A bachelor's degree from an accredited four-year institution and a minimum of five years of experience managing money and investments as a primary occupation; or
 - A minimum of five years of experience managing money and investments as a primary occupation, and one or more of the following designations: CFA, CFP, CPA-PFS, CIC, or CIMA.
- 2. Assets Under Management.** A Manager generally must have at least \$250 million in USD denominated AUM.
- 3. Licensing and Registration.** Each Manager must be registered with the Securities and Exchange Commission ("SEC") as an investment advisor. TD Ameritrade makes no representation about any Manager's continued compliance with, or exclusion or exemption from, any federal, state, or other jurisdiction's investment advisor requirements.
- 4. Recognized or Audited by an external platform.** Each MMC model generally must be assigned either a Morningstar Model Identification number or an Informa PSN number. These service providers measure third-party model performance against models of similar asset classes and styles (a.k.a. peer groups). MMC models not listed on one of these platforms must undergo a periodic audit by an independent, PCAOB-accredited auditor that TD Ameritrade deems available.
- 5. Inception date of Manager.** Each Manager generally must have been in existence with performance being tracked (not back-tested) for at least 5 years.

6. **Global Investment Performance Standards.** Each Manager must be registered as a GIPS compliant firm or must undergo a periodic GIPS audit of their investment performance by an independent, PCAOB-accredited auditor that TD Ameritrade deems available, and provide the results of such audit to TD Ameritrade upon request.
7. **Manager Agreement.** MMC participation requires, among other things, that Managers have an effective Model Manager Agreement & Terms and Conditions.

Other Considerations for MMC Manager Availability

TD Ameritrade may, in its sole discretion, limit the number of Managers selected to participate in the MMC based on a number of factors which may include Managers' services and investment styles. TD Ameritrade may consider feedback from Advisors in accepting Managers for participation in the MMC program.

MMC Model Definition

The MMC permits Managers to define their Models in order to assist MMC users' understanding of the style and objectives of MMC models and their underlying allocation attributes. Managers are invited to classify their models using the general criteria for the convenience of MMC users and MMC users' evaluation of Models. TD Ameritrade does not undertake to evaluate or verify the appropriateness of Managers' use of model classification or criteria with respect to model investment objectives, asset classes, or underlying securities investments. Model definition remains the responsibility of Managers and Model evaluation remains the responsibility of the MMC users at all times.

1. Objectives/Risk Category

Managers select one of the investment objectives from the list below that most closely defines the model's objectives. The following investment objectives are provided for informational purposes only. Advisors are responsible to design and manage portfolios in accordance with clients' individual financial circumstances, investment objectives, and preferences. The investment objectives of a particular client account may differ from the investment objectives described herein or from those of other clients who may have similar objectives or levels of risk. (NOTE: Equity exposure for a model portfolio is an average percent of individual equity or equity-like instruments contained in a model's overall allocation.) TD Ameritrade may change or add to the list of available Investment Objectives.

A. Aggressive – Growth. Emphasis on maximizing capital growth, willing to accept significant fluctuation of portfolio value. Offers the potential for higher returns for significantly higher levels of risk. Many Aggressive Growth stocks trade at high valuations and pay no dividends, and their value may depend on certain changes in business activity. Aggressive Growth investments may include growth stocks with high valuations, aggressive stock mutual funds, and industry sector mutual funds. Aggressive Growth investments may meet your client's investment needs if seeking long-term capital growth with no immediate need to withdraw funds. Equity exposure (or other high volatility exposure) in Aggressive Growth models are typically >75%.

B. Moderate – Growth. (or Growth) Emphasis on capital growth, willing to accept moderate fluctuation of portfolio value. Offers the potential for greater total returns than Growth and Income or Income investments, but with increased risk. Growth investments offer little or no dividend income and depend considerably on earnings growth for long-term returns. Growth investments may include stocks of rapidly growing companies and growth mutual funds. Growth investments may meet your client's investment needs if seeking long-term price appreciation with no immediate need to withdraw funds. Equity (or other high volatility exposure) in Moderate Growth models is typically between 50-75% for Moderate Growth.

C. Moderate – Growth and Income. (or Moderate)

Emphasis on modest capital growth; willing to accept low to moderate fluctuation of the portfolio value. Offers the potential for both long-term growth and current dividend income. Growth and Income investment prices are less stable than those for Income investments, but their higher dividend income can provide greater price stability than pure Growth investments. Growth and Income investments may include common stocks with dividends, equity mutual funds with dividends, convertible bonds, and real estate investment trusts (REITs). Growth and Income investments may meet your client's investment needs if seeking to achieve a combination of capital appreciation and current income, and willing to assume a moderate degree of risk in return for long-term growth of capital. Equity (or other high volatility exposure) in Moderate Growth & Income models is typically between 25-50% for Moderate Growth & Income.

D. Conservative – Capital Preservation and Income. (or Conservative)

Emphasis on income; willing to accept only minimal fluctuation of the portfolio value. Offers the potential for a fixed rate of interest or dividend income. Income investments generally decline in value when interest rates rise. Income investments may include: Certificates of Deposit (CDs); corporate, government, or municipal bonds; and bond mutual funds. Income investments may meet your investment needs if you are seeking to maximize current income rather than growth of principal. There is still investment risk involved. Equity (or other high volatility exposure) in Conservative – Capital Preservation & Income models is typically between 10-25%.

E. Ultra Conservative – Capital Preservation. (or Capital Preservation)

Emphasis on secure income; willing to accept a lower potential rate of return while minimizing investment risk. Capital Preservation investments primarily include money market funds and CDs. Capital Preservation investments may meet your investment needs if you are concerned with protecting your principal rather than achieving price appreciation. Capital Preservation investments are generally appropriate for conservative investors. Equity (or other high volatility exposure) in Capital Preservation models is typically <10%.

2. Asset Class

Managers assign an Asset Class from the list below to a model which most closely defines the attributes of the underlying securities within the model. TD Ameritrade may change or add to the list of available Asset Class definitions.

Large Cap Mid Cap Small Cap All Cap	Large Cap Core Mid Cap Core Small Cap Core All Cap Core	Large Cap Growth Mid Cap Growth Small Cap Growth All Cap Growth
Large Cap Value Mid Cap Value Small Cap Value All Cap Value	Global Equity International Equity	Global Real Estate U.S. Real Estate
Target Income Multi-Asset Class Specialty Strategies		

3. Building Block Style

Managers select whether the MMC model generally contains securities (Mutual Funds or ETFs) which are active or passively managed. Actively managed funds generally have a manager or a team of managers who are making buy and sell decisions frequently in an attempt to outperform an index. A passively managed fund is generally designed to track an index and tends to mirror a buy-and-hold strategy.

4. Turnover

Managers enter the model's average annual turnover rate as a percentage. This indicator is intended to help Advisors understand how often or how much the underlying allocations within a model are changed. The calculation for annual turnover is described as (Portfolio Net Buys + Portfolio Net Sells) / Portfolio's Average Value for the year. For example, if an account's value is \$100k and the account experienced \$100k worth of buys and sells in a single year, that account would be considered turning over at 100%.

5. Allocation Change Frequency

Managers enter the model's expected Allocation Change Frequency. This indicator is intended to help Advisors understand how frequently they should expect the Manager to change allocations within the model. Although, Managers may change a model any time that they deem necessary based on market conditions or other factors. Managers can select from the following choices.

- Never
- +/- Annually
- +/- Quarterly
- +/- Monthly
- Continuously/ as needed

TD Ameritrade does not monitor, update, or reallocate Managers' model allocations. Each Manager is solely responsible for monitoring, updating, and reallocating its model allocations and related information.

Cash and Cash Equivalents Allocations

Allocations to cash may be contained in a model. Although research models may contain cash allocations, Advisors are ultimately responsible in determining the amount of cash is appropriate for client accounts, based on clients' individual needs. TD Ameritrade makes no determination as to the appropriateness or amount of a cash allocation within an MMC model or client account. As determined by TD Ameritrade, temporary cash or other balances may be kept in accounts as free credit balances or invested in money markets, tax-exempt, or other mutual funds managed by an affiliate or nonaffiliate of TD Ameritrade.

Model Performance

Advisors are responsible for thoroughly evaluating each Manager, including their registration history, professional background, and investment products offered, among other things. Although performance returns are a factor that can be considered when selecting a Manager for research, selection of a Manager should not be based solely on past performance returns. Past performance is not a guarantee of future results.

Monitoring Performance

Advisors are responsible for monitoring Managers' performance. TD Ameritrade is not responsible for monitoring any Manager or any model, or for selecting any investments, or for the actual performance of the underlying investments within the model. TD Ameritrade does not monitor Managers' or clients' investment performance, nor is past performance considered for Managers' inclusion in the MMC.

Model Availability

Managers may discontinue model reallocation updates or remove models from the MMC program upon notice to MMC. Participating Advisors will no longer receive updates to static models or models that have been removed from the MMC.

TD Ameritrade is registered with the SEC as both a broker/dealer under the Securities Exchange Act of 1934, and as an investment advisor under the Investment Advisers Act of 1940. TD Ameritrade is not entering into any investment advisory agreement with any Advisor or advisory client in regard to the MMC program. TD Ameritrade has no discretionary authority or control with respect to any Advisor or advisory clients' MMC assets and will

only effect securities transactions for advisory client accounts pursuant to instructions from an Advisor or their advisory client. Clients will receive account statements and trade confirmations, at least quarterly, from TD Ameritrade.

Communicating With the Manager

TD Ameritrade will provide Advisors with general contact information for Managers via the MMC. Advisor is thereafter responsible for its own due diligence regarding any Manager and/or model. TD Ameritrade cannot guarantee the timeliness of Managers' responses to questions regarding performance or investments. TD Ameritrade will not answer questions about model performance or investment selection on behalf of MMC Managers.

Marketing Material

The MMC program is a technology service that provides access to MMC Manager models. In turn some MMC Managers make marketing materials, rationales, and fact sheets available to Advisors. Manager provided materials are approved by the Manager for Advisor use. The materials on the MMC are not approved for use with the public. TD Ameritrade does not review nor approve Managers' marketing or sales materials.

IMPORTANT INFORMATION FOR ASSETS SUBJECT TO ERISA AND/OR COMPARABLE PROVISIONS OF THE INTERNAL REVENUE CODE

If you are investing assets of an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") and/or Section 4975 of the Internal Revenue Code, including assets held in Individual Retirement Accounts ("IRAs"), Keogh plans, and other similar accounts, you must be aware that you are solely responsible for deciding to participate in MMC and for selecting the Manager for your research. TD Ameritrade will not make these important decisions for you. Moreover, for purposes of the MMC, TD Ameritrade is not an "investment manager" or a "fiduciary" within the meaning of ERISA with respect to your client accounts. TD Ameritrade will not render advice in any context as part of the MMC program. Among the factors that you must consider in making the determination to use the MMC as a form of research are the following:

- The role that you, as the fiduciary, will play in your client accounts and investment portfolios as a whole; the risk of loss and the opportunity for gain (or other return) associated with the investments that you select;
- The composition of your client portfolios with regard to diversification;
- the composition of your plan's or account's investment portfolio with regard to diversification;
- The liquidity and current return of your client portfolios relative to anticipated cash flow requirements; and
- The projected return on your client portfolios relative to your investment objectives for the plan or account.

Fees and Compensation

MMC Fees Paid by Managers to TD Ameritrade

Prior to being granted access to the MMC, Advisors are required to agree to TD Ameritrade's MMC Terms and Conditions, including an understanding of the fees that are paid directly to TD Ameritrade by the Manager. Advisors and advisory clients will not be charged any direct fees for any referrals, materials, or assistance provided by TD Ameritrade in connection with MMC. Managers may lower the net expense ratio on any model allocation position, or substitute a model allocation position for a position with a different expense ratio without notifying TD Ameritrade.

Upon selection of a Manager for research and deployment of a Manager's model for rebalancing, TD Ameritrade will charge the

Manager fees based on a percentage of the net expense ratio or flat bps of the Manager's funds which were implemented in your client accounts. No additional fees will be assessed to you or to your client from TD Ameritrade for the MMC. You may not explicitly charge your client for TD Ameritrade's MMC service.

In consideration for the MMC access and services received, Managers pay monthly fees to TD Ameritrade as described below. The fees are calculated based on assets purchased in accounts that are associated with Managers' MMC models:

- Tier 1 TDA will charge 15% of the prospectus net expense ratio of the ETFs ("ETFs" hereinafter defined as Registered exchange-traded open-end management investment companies or unit investment trusts, as those terms are defined in the Investment Company Act of 1940) that have a total annual expense ratio of 11 basis points or more as disclosed in the Fund's then-current prospectus.
- Tier 2 TDA will charge 10% of the prospectus net expense ratio of the ETFs that have a total annual expense ratio equal to or greater than 6 basis points up to 11 basis points as disclosed in the Funds then-current prospectus.
- Tier 3 TDA will charge 5% of the prospectus net expense ratio of the ETFs that have a total annual expense ratio less than 6 basis points as disclosed in the Funds then-current prospectus.
- TDA will charge 3 basis points for all Mutual Funds participating in the program.

These fees are obligations of the Managers and are not paid by the Funds. Managers are not charged fees on client assets purchased that they do not manage (for example, individual equities or managed ETFs/ funds managed by other companies).

TD Ameritrade may have other arrangements for ancillary services with certain MMC Managers (for example, transaction fee waivers or technology integration fees). While the fees for these supplemental arrangements may be combined with the MMC program fee for payment to TD Ameritrade, they have no effect on the standard MMC fee paid to TD Ameritrade.

Fees Paid to TD Ameritrade for Servicing Clients' Accounts
MMC participating Advisors use the iRebal® on Veo® system to effect securities transactions, which will generate brokerage commissions and other revenues for TD Ameritrade and its affiliates in connection with your clients' account trading activity. This activity may increase based on portfolio turnover. However, TD Ameritrade does not control nor influence Manager turnover or allocation change frequency and does not affect Manager onboarding based on portfolio turnover or allocation change frequency. **See discussion of Turnover and Allocation Change Frequency in "MMC Model Definition" above.**

You may direct trades to any brokerage firm of your choice. TD Ameritrade may charge your clients a fee for clearance and settlement of any trade in an account for which TD Ameritrade is the custodian that is executed through a brokerage firm other than TD Ameritrade.

As determined by TD Ameritrade, temporary cash or other balances in your clients' accounts may be kept in your account as free credit balances or invested in a money market, tax-exempt, or other mutual fund managed by an affiliate or nonaffiliate of TD Ameritrade. Like most mutual funds, these funds pay advisory fees and other expenses in addition to the advisory fee Advisors charge clients. Temporary cash or other balances in client accounts may also be held in a deposit account at a bank affiliated with TD Ameritrade.

Performance-Based Fees and Side-By-Side Management

TD Ameritrade does not receive performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. TD Ameritrade is compensated as described in the "Fees and Compensation" section above, and such compensation is not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in client accounts.

Types of Clients

MMC does not provide ongoing investment management services to any clients. MMC is only available to independent Advisors that place assets in custody at TD Ameritrade.

Amount of Investable Assets

TD Ameritrade does not impose Advisor AUM or account value requirements in conjunction with an Advisor's MMC participation. However, TD Ameritrade reserves the right, in its sole discretion, to add additional MMC participation criteria, including AUM or account value minimums, at any time.

Methods of Analysis, Investment Strategies, and Risk of Loss

MMC is a TD Ameritrade technology platform that provides a framework for Advisors to access third-party, unaffiliated Managers who make available information about their asset allocation models to Advisors who custody assets at TD Ameritrade. TD Ameritrade will not assist an Advisor in selecting a model for research. Each Advisor, in its sole discretion, selects MMC models and implements investments that meet its advisory clients' investment needs through its own, independent research and due diligence.

Advisors with discretionary authority over their clients' assets and their advisory clients, bear any risk of loss. There are risks associated with investing, including the possible loss of principal.

Disciplinary Information

The SEC and other regulatory agencies and organizations have, in the past, taken certain disciplinary actions against TD Ameritrade (formerly, TD Waterhouse Investor Services, Inc. and herein "TD Waterhouse") for alleged violations of the federal securities laws and regulations and rules. While none of the matters discussed below directly involved or concerned MMC, TD Ameritrade makes these disclosures to you as you may consider them material to your evaluation of the MMC program and/or TD Ameritrade generally. The matters have been settled, and TD Waterhouse has paid fines with respect to such violations.

On September 16, 2004, the SEC instituted cease-and-desist proceedings pursuant to Section 15(b)(4) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 203(k) of the Investment Advisers Act of 1940 (the "Advisers Act") against TD Waterhouse for allegedly making undisclosed payments to three investment advisors, which the investment advisors failed to disclose, to encourage the investment advisors to use TD Waterhouse for their clients' brokerage business. The SEC alleged that TD Waterhouse did not follow its internal

compliance procedures, which required it to ensure that the investment advisors that received payments from TD Waterhouse adequately disclosed those payments in their Forms ADV. Without admitting or denying the allegations, TD Waterhouse submitted an Offer of Settlement, which the SEC accepted, in which TD Waterhouse was: (i) censured pursuant to Section 15(b)(4) of the Exchange Act; (ii) ordered to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 207 of the Advisers Act; and (iii) ordered to pay a civil money penalty in the amount of \$2,000,000.

On April 29, 2004, TD Waterhouse submitted a Letter of Acceptance, Waiver, and Consent ("AWC") with the NASD, Inc. for the purpose of proposing a settlement, without admitting or denying the allegations or findings contained therein, regarding TD Waterhouse's alleged failure to establish and maintain an adequate supervisory system and written procedures reasonably designed to detect and prevent late trading in mutual fund transactions, a violation of Rule 22c-1 under the Investment Company Act of 1940. The AWC stated that as a result of the shortcomings in TD Waterhouse's supervisory system and written procedures, TD Waterhouse violated NASD Rules 3010 and 2110. The AWC was accepted by the NASD, Inc. In connection with the AWC, TD Waterhouse was censured and paid a fine in the amount of \$150,000.

On November 3, 2014 TD Ameritrade received a final Order from the Securities and Exchange Commission Instituting a Cease and Desist with respect to the sale of noninvestment grade Puerto Rico bonds in amounts below the minimum denomination of the issue. Municipal Securities Rulemaking Board Rule G-15(f) prohibits dealers from effecting customer transactions in municipal securities in amounts below the minimum denomination of the issues. In connection with the Order TD Ameritrade executed an Offer of Settlement and agreed to pay a penalty of \$100,800.

On July 27, 2015, TD Ameritrade received a final order from the State of Texas Securities Board regarding Institutional Division brokerage accounts managed by independent investment advisors. Staff of the Board sampled third-party wire requests in such accounts between August, 2012 and September, 2014 and found in some instances TD Ameritrade failed to follow its procedures requiring cash/securities disbursement notices to be sent to account holders. TD Ameritrade's process is to provide for the issuance of a notice at the time of a disbursement. TD Ameritrade was found to have violated the rules and regulations of the Board and agreed to a settlement to bring this matter to a close by paying an administrative fine of \$300,000 to the Board and contributing \$100,000 to the Texas Investor Education Fund. In 2014, TD Ameritrade had already launched an automated process to issue the notices. No further corrective action was needed.

Other Financial Industry Activities and Affiliations

INFORMATION ABOUT TD Ameritrade

TD Ameritrade and its Affiliates

TD Ameritrade Institutional provides custody, brokerage, and other financial services to independent financial advisors and their clients. TD Ameritrade Institutional is a division of TD Ameritrade (member FINRA/SIPC). TD Ameritrade is a registered broker/dealer that principally provides discount brokerage services. Most of TD Ameritrade's business is derived from brokerage and related services. TD Ameritrade client accounts are carried on a fully disclosed basis by its affiliates, or TD Ameritrade Clearing, Inc., and clients are charged discount brokerage commissions.

TD Ameritrade Investment Management, LLC ("TDAIM"), a registered investment advisor affiliated with TD Ameritrade, may be retained by your advisor for its subadvisory services.

TD Asset Management USA, Inc., a registered investment advisor affiliated with TD Ameritrade, may be investment advisor to certain money market mutual funds that may be used by TD Ameritrade as the cash sweep vehicle for uninvested funds in a client's account.

TD Bank, N.A. (member FDIC) and TD Bank USA, N.A. (member FDIC) are national banks that offer a money market deposit account that may be used by TD Ameritrade as the cash sweep vehicle for uninvested funds in a client's cash account. In this capacity, TD Bank, N.A. and TD Bank USA, N.A. may earn certain fees and revenues in connection with client assets swept from a client's account and may pay TD Ameritrade a marketing fee.

TD Ameritrade Trust Company is a wholly owned subsidiary of TD Ameritrade Holding Corporation offering asset custody, trust, and full-service back-office support to a wide range of plan types. TD Ameritrade Trust provides services through institutional third-party administrators, record-keepers, and investment advisors.

TD Ameritrade and TD Ameritrade Clearing, Inc. are wholly owned subsidiaries of TD Ameritrade Holding Corporation.

TD Asset Management USA, Inc., TD Bank, N.A., and TD Bank USA, N.A. are owned and controlled by The Toronto-Dominion Bank (NYSE:TD), which has an ownership interest in TD Ameritrade Holding Corporation.

For additional information on TD Ameritrade, please visit TD Ameritrade's website at tdameritrade.com.

TD Ameritrade Futures & Forex LLC is an NFA-registered Futures Clearing Merchant and wholly owned subsidiary of TD Ameritrade Holding Corporation, and an affiliate of TD Ameritrade. TD Ameritrade Futures & Forex LLC offers futures and forex trading services through the thinkorswim trading platform. Platform tools and resources available include technical studies, interactive education, and specialist support.

If Advisors place an order to buy or sell securities in TD Ameritrade brokerage accounts, TD Ameritrade will route the order to TD Ameritrade Clearing, Inc. ("Clearing"), its affiliated clearing firm, for execution on a fully disclosed basis. Clearing, in the capacity of a broker-dealer, may act as agent or principal on the trade. When acting as principal, Clearing will buy or sell the securities for its own account, accept the risk of market price and liquidity fluctuations and receive a dealer's profit or loss when executing an order. When executing orders in fixed-income securities as principal, Clearing receives a dealer markup or markdown on such transactions.

Clearing may also act as an Advisor's agent. In acting as agent, Clearing sends the order to an exchange, another market maker, or an electronic communications network (ECN) for execution. For both over-the-counter and listed stocks, options, and fixed-income transactions, Clearing may execute orders on an agency basis by crossing an order with TD Ameritrade's other orders. TD Ameritrade does not make a trading profit on such transactions, but may receive commissions from both sides of such transactions and, as such, TD Ameritrade and Clearing may have a potentially conflicting division of loyalties and responsibilities.

Clearing directs TD Ameritrade's orders to various venues, including exchanges, markets, and dealers for execution. Clearing may receive payments for directing TD Ameritrade's order flow to these venues. Clearing provides quarterly reports that present a general overview of its routing practices which can be accessed at tdameritrade.com/disclosure.page. TD Ameritrade benefits from these arrangements indirectly through its affiliation with Clearing. If Advisors place an order to buy or sell securities in connection with a TD Ameritrade brokerage account when

Advisors retain the subadvisory services of TDAIM, the order will be routed to Clearing, an affiliated broker-dealer, for execution on an agency or principal basis.

Clearing is the transfer agent for certain money market mutual funds that may be used by TD Ameritrade as the cash sweep vehicle for uninvested funds in a client's account. As transfer agent, Clearing may be paid a fee by each fund as described in each fund's prospectus. This fee is paid in addition to any fees paid by clients directly to TD Ameritrade for services.

TD Ameritrade, together with its affiliated entities, and in its capacity as a securities broker-dealer, investment banker, and investment advisor, is routinely engaged in various securities transactions and trading activities for various clients and customers which could create conflicts of interest among its duties to other clients. As a broker-dealer and together with its affiliated entities, on an ongoing basis and as permitted by applicable law, TD Ameritrade may, where appropriate:

- a. Act as principal, buy securities for itself from, or sell securities it owns to, a client;
- b. Act as broker or agent, effect securities transactions for compensation for a client;
- c. Act as broker or agent for any person other than a client, effect transactions in which client securities are sold to or bought from a brokerage client;
- d. Recommend to clients that they buy or sell fixed income securities or investment products in which TD Ameritrade or a related person has some financial interest;
- e. Buy or sell for itself securities that it also recommends to clients;
- f. Receive payments from mutual funds, mutual fund advisors, and/or their underwriters in connection with investments by clients in those mutual funds;
- g. Receive monetary and nonmonetary compensation when it sends orders to a particular exchange, market, or dealer, a practice commonly known as "payment for order flow;"
- h. Receive compensation from, participate in the profits of, and have reciprocal routing arrangements with, certain affiliated and independent exchange specialists and dealers who execute orders; and
- i. Receive rebates and credits against fees paid to various exchanges.

In connection with its participation as a member of syndicates underwriting public offerings of equity and fixed-income securities, TD Ameritrade may make unsolicited telephone calls to clients who have brokerage accounts with TD Ameritrade and to investment advisors whose clients maintain brokerage accounts with TD Ameritrade to advise of the availability of the securities through TD Ameritrade and inquire whether the clients and investment advisors, on behalf of the client accounts they manage, are interested in purchasing the securities in the public offering. TD Ameritrade and its affiliates may give advice and take action in performing their duties to other clients that differ from advice given, or the timing and nature of action taken, with respect to the client's accounts.

In addition to money market funds, account assets may from time to time be invested in shares of other, unaffiliated open-end investment companies (mutual funds). Since TD Ameritrade may act as selling agent and/or underwriter and/or render other services for various funds advised and/or sponsored by certain of its affiliates or nonaffiliates, including registered funds, hedge funds, venture capital or real estate investment funds, and

other similar investment vehicles, TD Ameritrade or its affiliates may receive compensation for such services. For example, TD Ameritrade may receive payments from unaffiliated mutual funds, mutual fund advisors and/or their underwriters, including Rule 12b-1 and other asset-based charges in connection with investments by TD Ameritrade clients. Such payments may, where permitted under applicable regulatory requirements, be retained by TD Ameritrade.

In the course of their respective investment banking activities or otherwise, TD Ameritrade and its affiliates may from time-to-time acquire material, nonpublic or other information about corporations or other entities or their securities. TD Ameritrade and its affiliates are not obligated, and may not be permitted, to divulge any such information to or for the benefit of its clients, or otherwise act on the basis of any such information in providing services to clients.

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

CODE OF ETHICS

TD Ameritrade has adopted a Code of Ethics ("Code of Conduct") that sets forth the standards of conduct expected of TD Ameritrade personnel. The Code of Conduct reflects TD Ameritrade's belief in the absolute necessity to conduct all business, make all decisions, and carry on all personal activities at the highest ethical and professional levels. TD Ameritrade requires personnel to make their personal brokerage account statement information available to the Compliance Department, and requires the Compliance Department to preapprove certain investments. TD Ameritrade is required to keep copies of the Code of Conduct and records relating to the Code of Conduct. TD Ameritrade personnel are required to submit an annual acknowledgement and certification stating that such personnel have complied with the Code of Conduct.

All associates, officers, and directors of TD Ameritrade are required to comply with the Code of Conduct. TD Ameritrade personnel are required to report violation(s) or potential violation(s) of the TD Ameritrade Code of Conduct of which they become aware. The standards set forth in the Code of Conduct are intended to protect the associates and clients of TD Ameritrade, the shareholders of TD Ameritrade, and the organization as a whole. The Code of Conduct also contains policies involving the safeguarding of proprietary and nonpublic information and the use of nonpublic information regarding a client.

TD Ameritrade will provide a copy of the Code of Conduct upon request via email at AdvisorDirect@tdameritrade.com or at the telephone number on the cover of this Brochure.

In addition, TD Ameritrade may recommend to its clients and Advisors on behalf of their clients that they buy or sell securities or investment products in which TD Ameritrade or a related person has some financial interest (for example, when an affiliate acts as a placement agent for particular securities.) A second example is the affiliated money market mutual funds used by TD Ameritrade as the cash sweep vehicle for uninvested funds in a client's account. TD Asset Management USA, Inc., an affiliate of TD Ameritrade, acts as investment advisor to the affiliated money market funds, and TD Ameritrade Clearing, Inc. acts as the transfer agent for these funds. TD Asset Management USA, Inc. and TD Ameritrade Clearing, Inc. both receive fees from the affiliated money market funds based on the size of such money market funds. As advisor to these funds, TD Asset Management USA, Inc. will be paid a management fee by each fund as

described in each fund's prospectus. This fee is paid in addition to any fees TD Ameritrade receives from a client for other services provided by TD Ameritrade. In addition, payments may be made by TD Asset Management USA, Inc. to TD Ameritrade pursuant to a Services Agreement for TD Ameritrade's making the TD Asset Management USA, Inc. funds available to its clients and performing certain marketing support services with respect to those funds.

Brokerage Practices

Fees Paid to TD Ameritrade for Advisors' Client Accounts

MMC participating Advisors use the iRebal® on Veo® system to effect MMC securities transactions, which will generate brokerage commissions and other revenues for TD Ameritrade and its affiliates in connection with your clients' account trading activity. TD Ameritrade may charge a fee for clearance and settlement of any trade held in custody by TD Ameritrade that is executed through a brokerage firm other than TD Ameritrade. See response above at "Fees and Compensation."

Temporary cash or other account balances may be kept in MMC accounts as free credit balances or invested in a money market, tax-exempt or other mutual fund managed by an affiliate or non-affiliate of TD Ameritrade. Like most mutual funds, these funds pay advisory fees and other expenses in addition to the advisory fees paid to Advisors. Temporary cash or other account balances may also be held in a deposit account at a bank affiliated with TD Ameritrade.

Described above are a wide range of potential conflicts of interest associated with TD Ameritrade's various products, services, and programs. The conflicts of interest described above may or may not apply depending on the products and services Advisors receive from TD Ameritrade and the TD Ameritrade programs, including MMC, in which Advisors participate.

Advisors that use TD Ameritrade as a broker may have client accounts that are subject to all or some of the following fees and/or charges: (i) commissions, markups, markdowns, spreads, and other transactional charges on securities transactions effected through TD Ameritrade or with brokers and dealers other than TD Ameritrade; (ii) interest on debit account balances, where applicable; (iii) the entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or dealer (including TD Ameritrade) involved in a distribution of securities; (iv) markups, markdowns, and bid-ask spreads; (v) odd-lot differentials; (vi) exchange fees, transfer taxes, and other fees required by law; (vii) Individual Retirement Account fees, qualified retirement plan account fees, and other account maintenance fees; and (viii) other fees that may be assessed by TD Ameritrade in its capacity as broker and custodian upon notice. TD Ameritrade may also receive trailing commissions from mutual funds for purchases of mutual fund shares.

TD Ameritrade may make research generated by certain of its affiliates or by nonaffiliates available to clients who have brokerage accounts at TD Ameritrade, including brokerage clients to whom TD Ameritrade has previously rendered or may in the future render investment advisory services, and to Advisors whose clients maintain brokerage accounts with TD Ameritrade, including, but not limited to, Advisors participating in MMC.

Review of Accounts

TD Ameritrade is registered with the SEC as a broker-dealer under the Securities Exchange Act of 1934, and as an Investment Advisor under the Investment Advisers Act of 1940. However, as part of the MMC program, TD Ameritrade is not responsible for selecting investments, for the performance of investments, or for monitoring the performance of accounts, and TD Ameritrade does not do so. TD Ameritrade has no discretionary authority or control with respect to Advisors' MMC assets under management, and will only effect securities transactions for accounts that have been instructed by clients or their Advisors. In order to assist in carrying out account monitoring responsibilities, TD Ameritrade will provide periodic account statements and information detailing account activity for the covered period.

Investment performance can be monitored in a variety of ways, including prompt review of account statements, trade confirmations, and investment portfolios and periodic meetings between clients and their Advisors to discuss account investments and performance, and the continuing appropriateness of the program.

TD Ameritrade provides account statements, no less than quarterly, containing a description of all account activity during the preceding period, including all account transactions, contributions and withdrawals, account fees and expenses charged, and the account value at the beginning and end of the period.

Client Referrals and Other Compensation

Client Referral Fees Paid to TD Ameritrade

Please also see "Fees and Compensation" section above.

In connection with participation in the MMC program, Advisors and Managers pay fees in accordance with their [Model Market Center Terms and Conditions] and [TD Ameritrade Commercial Agreements], respectively. Clients do not pay referral fees for enrollment and participation in the MMC program.

Custody

TD Ameritrade is a broker-dealer registered with the SEC and holds client assets in individual client accounts. TD Ameritrade is a qualified custodian as defined by the Investment Advisers Act of 1940, as amended from time to time. TD Ameritrade has entered into a written agreement with an accounting firm that is an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board. This accounting firm is engaged to perform annual surprise examinations, to prepare internal control reports, and to complete the appropriate regulatory filings with the Securities and Exchange Commission.

Investment Discretion

TD Ameritrade has no discretionary authority or control with respect to MMC program assets and will only effect securities transactions for client accounts based on instructions from clients or Advisors.

Authorizations Granted to Advisors

Voting Client Securities

PROXY VOTING

While TD Ameritrade is an investment advisor registered with the Securities and Exchange Commission, it has no investment discretion over securities in client accounts. Because TD Ameritrade lacks such investment discretion, it does not have authority over, and specifically disclaims responsibility for, voting proxies for securities in client accounts. Since TD Ameritrade does not have proxy voting authority over securities in client accounts, TD Ameritrade is not required to have, and does not have, policies and procedures in place to govern the voting of proxies.

Financial Information

TD Ameritrade is a qualified custodian as defined in SEC Rule 206(4)-2.

Mailing Address:

TD Ameritrade Institutional
7801 Mesquite Bend Drive Suite 112
Irving, TX 75063-6043

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Investment Products: Not FDIC Insured * No Bank Guarantee * May Lose Value

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